enterprises of the gouvernement du Québec

1983-1984

financial statements

publication prepared under the authority of the
Minister of Finance

Gouvernement du Québec
Ministère des Finances

ISSN 0383-3801
ISBN 2-551-08954-9
Legal Deposit, 2nd Quarter 1985
Bibliothèque nationale du Québec

I am pleased to present this publication which includes the financial statements of most of the Government's enterprises.

Even if, as a rule, these financial statements are tabled in the National Assembly, we are grouping them together in this volume for ease of consultation and analysis of the financial position and operating results of the various enterprises.

Yves L. DUHAIME

Minister of Finance

Québec, April 1985

TABLE OF CONTENTS

ENTERPRISE	MINISTERIAL RESPONSIBILITY	FISCAL YEAR ENDED	PAGE
Agence québécoise de valorisation industrielle de la recherche	Science and Technology	1984-03-31	7
Caisse de dépôt et placement du Québec	Finance	1983-12-31	10
Centre de recherche industrielle du Québec	Industry, Commerce and Tourism	1984-03-31	51
Commission administrative des régimes de retraite et d'assurances	Minister responsible for administration	1983-12-31	56
Commission de la santé et de la sécurité du travail	Labour	1983-12-31	83
Commission des normes du travail	Manpower and Income Security	1984-03-31	92
Commission des services juridiques	Justice	1984-03-31	97
Corporation d'hébergement du Québec	Social Affairs	1984-03-31	105
Curateur public (Le)	Finance	1983-12-31	*
Fondation pour le développement de la science et de la technologie	Science and Technology	1984-03-31	112
Fonds d'aide aux recours collectifs	Justice	1984-03-31	115
Fonds d'assurance-prêts agricoles et forestiers	Agriculture, Fisheries and Food	1984-03-31	119
Fonds de la recherche en santé du Québec	Social Affairs	1984-03-31	123
Fonds F.C.A.C. pour l'aide et le soutien à la recherche	Education	1984-05-31	128
Hydro-Quebec	Energy and Resources	1983-12-31	137
Institut national de productivité	Industry, Commerce and Tourism	1984-03-31	151
Institut québécois de recherche sur la culture	Cultural Affairs	1984-03-31	154
Institut québécois du cinéma	Cultural Affairs	1984-02-19	159
Loto-Quebec	Finance	1984-03-31	163
Office de la construction du Québec	Labour	1983-12-31	169
Office de la sécurité du revenu des chasseurs et piégeurs Cris	Manpower and Income Security	1984-06-30	187
Office des autoroutes du Québec	Transport	1984-03-31	190
Office du crédit agricole du Québec	Agriculture, Fisheries and Food		
Farm financing		1984-03-31	195
Foresiry financing		1984-03-31	200
Radio-Québec	Communications	1983-08-31	204
Raffinerie de sucre du Québec	Agriculture, Fisheries and Food	1984-03-31	211
Régie de l'assurance automobile du Québec	Transport	1984-02-29	217
Régie de l'assurance-dépôts du Québec	Finance	1983-12-31	224
Régie de l'assurance-maladie du Québec	Social Affairs	1984-03-31	229
Régie des assurances agricoles du Québec	Agriculture, Fisheries and Food	1984-03-31	233
Régie des installations olympiques	Recreation, Fish and Game	1983-10-31	240

TABLE OF CONTENTS (cont'd)

ENTERPRISE	MINISTERIAL RESPONSIBILITY	FISCAL YEAR ENDED	PAGE
Régie des rentes du Québec	Manpower and Income Security	1984-03-31	250
Sidbec	Industry, Commerce and Tourism	1983-12-31	257
Société d'aménagement de l'Outaouais	Municipal Affairs	1984-03-31	268
Société de cartographie du Québec	Energy and Resources	1984-03-31	277
Société de développement coopératif	Finance	1984-03-31	283
Société de développement de la Baie James	Energy and Resources	1983-12-31	291
Société de développement des industries de la culture et des communications	Cultural Affairs	1984-03-31	300
Société de développement immobilier du Québec	Publics Works and Supply	1984-03-31	306
Société de développement industriel du Québec	Industry, Commerce and Tourism	1984-03-31	311
Société de la Place des Arts de Montréal	Cultural Affairs	1983-08-31	319
Société de récupération, d'exploitation et de développement forestiers du Québec — REXFOR	Energy and Resources	1984-03-31	324
Société des alcools du Québec	Industry, Commerce and Tourism	1984-03-31	332
Société des traversiers du Québec	Transport	1984-03-31	337
Société d'exploitation des ressources éducatives du Québec — SEREQ	Education	1984-01-31	343
Société d'habitation du Québec	Housing and Consumer Protection	1983-12-31	348
Société du Grand Théâtre de Québec	Cultural Affairs	1983-08-31	357
Société du Palais des congrès de Montréal	Industry, Commerce and Tourism	1984-03-31	361
Société du parc industriel du centre du Québec	Industry, Commerce and Tourism	1984-03-31	367
Société du parc industriel et commercial aéroportuaire de Mirabel	Industry, Commerce and Tourism	1984-03-31	372
Société du port ferroviaire de Baie-Comeau — Hauterive	Transport	1983-12-31	376
Société générale de financement du Québec	Industry, Commerce and Tourism	1983-12-31	380
Société générale du cinéma	Cultural Affairs	1984-03-31	387
Société Inter-Port de Québec	Industry, Commerce and Tourism	1984-03-31	391
Société nationale de l'amiante	Energy and Resources	1984-03-31	397
Société québécoise d'assainissement des eaux	Environment	1984-03-31	407
Société québécoise des transports	Transport	1983-12-31	418
Société québécoise d'exploration minière — SOQUEM	Energy and Resources	1984-03-31	425
Société québécoise d'information juridique — SOQUIJ	Justice	1984-03-31	432

TABLE OF CONTENTS (cont'd)

ENTERPRISE	MINISTERIAL RESPONSIBILITY	FISCAL YEAR ENDED	PAGE
Société québécoise d'initiatives agro-alimentaires — SOQUIA	Agriculture, Fisheries and Food	1984-03-31	436
Société québécoise d'initiatives pétrolières — SOQUIP	Energy and Resources	1984-03-31	443
Université du Québec	Education	1984-05-31	451

* Financial statements published for the first time in the volume containing those of the Government's enterprises.

** Le Curateur public financial statements at December 31, 1983 have not been included in this volume since they were unavailable at the time of publication; those at December 31, 1982 appear on page 99 of the previous volume.

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

S.Q., 1983, c. 42

AUDITOR'S REPORT

I have examined the balance sheet of the Agence québécoise de valorisation industrielle de la recherche at March 31, 1984 as well as the statement of revenue, expenditure and surplus for the period January 25, 1984 to March 31, 1984. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Agence at March 31, 1984 as well as its operating results for the period January 25, 1984 to March 31, 1984 according to the accounting policies in Note 2.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, May 29, 1984

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

S.Q., 1983, c. 42

BALANCE SHEET

as at March 31, 1984

CURRENT ASSETS	
Cash	$218 137
Accounts receivable	1 618
	$219 755
CURRENT LIABILITIES	
Accounts payable and accrued charges	$65 198
SURPLUS	154 557
	$219 755

ON BEHALF OF THE BOARD OF DIRECTORS

Nicolle FORGET
Gilles BERGERON

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

S.Q., 1983, c. 42

REVENUE, EXPENDITURE AND SURPLUS

for the period January 25, 1984 to March 31, 1984

ADMINISTRATIVE EXPENDITURE	
Wages, salaries and fringe benefits	$21 497
Professional fees	33 593
Travel expenses	6 598
Office supplies	5 101
Telecommunications	2 175
Furniture, equipment and leasehold improvements	37 146
	106 110
REVENUE	
Interest on bank deposits	667
SURPLUS EXPENDITURE OVER REVENUE	105 443
OPERATING GRANT FROM THE GOVERNMENT	260 000
SURPLUS REVENUE AND GRANT OVER EXPENDITURE AND SURPLUS AT MARCH 31, 1984	$154 557

NOTES TO FINANCIAL STATEMENTS

at March 31, 1984

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1 — CONSTITUTION AND PURPOSE

L'Agence québécoise de valorisation industrielle de la recherche is a corporation founded under a special Act (S.Q., 1983, c. 42) that was given assent on December 21, 1983 and came into force January 25, 1984. The purpose of the Agence is to promote technological innovation and contribute to the commercial and industrial application of research results in areas likely to have economic spinoffs for Québec. To such end, it fosters concerted action on the part of industry and the research community.

The Agence may give financial assistance in the form of subsidies, advances and loans, with or without interest, or equity in partnerships. Its aid may take any other form authorized by the Government.

2 — ACCOUNTING POLICIES

The financial statements of the Agence were prepared by management according to the accrual method.

Purchases of furniture and equipment as well as leasehold improvements are charged to operations.

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

GENERAL FUND

AUDITOR'S REPORT

I have examined the balance sheet of the General Fund of the Caisse de dépôt et placement du Québec at December 31, 1983 and the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of the General Fund were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial situation of the Fund at December 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, March 7, 1984

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

CUMULATIVE BALANCE SHEET

as at December 31, 1983
($ THOUSANDS)

	1983	1982
ASSETS		
Investments (note 3)		
Portfolios:		
Bonds	11 927 577	10 572 392
Shares and convertible securities	3 563 592	2 758 531
Mortgage financing	1 175 610	1 078 145
Real estate investments	265 981	188 303
Short-term securities	829 505	1 168 548
	17 762 265	15 765 919
Cash	7 034	2 594
Investment earnings, accrued and receivable	356 694	325 949
Other assets	4 836	2 926
	18 130 829	16 097 388
LIABILITIES		
Transactions under settlement	9 760	2 121
Mortgage loans	18 243	17 061
Other liabilities	77 194	55 594
	105 197	74 776
PARTICIPATION DEPOSIT HOLDERS' EQUITY (note 4)		
General Fund	11 726 107	10 744 070
Individual funds	6 299 525	5 278 542
	18 025 632	16 022 612
	18 130 829	16 097 388

ON BEHALF OF THE BOARD OF DIRECTORS

Jean CAMPEAU
Claude LEGAULT

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

CUMULATIVE REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1983
($ THOUSANDS)

	1983	1982
REVENUE		
Investment earnings		
Interest on bonds	1 336 960	1 159 773
Interest and dividends on convertible securities	145 315	137 669
Interest on mortgage financing	125 997	127 892
Real estate investment income	24 380	12 420
Interest on short-term securities — net	118 601	139 878
	1 751 253	1 577 632
Profit and loss on the sale of securities	60 856	63 812
Other revenue	329	352
Total revenue	1 812 438	1 641 796
EXPENDITURE		
Administration		
Wages, salaries and fringe benefits	6 304	5 998
Travel expenses	268	238
Professional fees	717	613
Mortgage management fees	1 572	1 580
Handling and safekeeping charges	417	284
Insurance	169	151
Premises	1 199	1 138
Equipment	482	371
Stationery and office supplies	97	93
Documentation and information	326	308
Communications	246	222
Amortization of installation charges	95	95
	11 892	11 091
Administrative expenditure charged to separately managed portfolios	74	105
Administrative expenditure charged to cumulative funds	11 818	10 986
Balance of revenue	1 800 620	1 630 810
Interest on demand and term deposits — net	30 487	51 338
NET REVENUE	1 770 133	1 579 472
Transfer to the general reserve of profit and loss on the sale of securities (note 5)	(33 728)	(59 607)
Revenue assigned to participation deposit holders (note 4)	1 736 405	1 519 865

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

CUMULATIVE FINANCIAL ACTIVITY

for the fiscal year ended December 31, 1983
($ THOUSANDS)

	1983	1982
SOURCE OF FINANCING		
Net contribution from depositors	202 400	668 545
Investment earnings	1 751 253	1 577 632
Gain and loss on the sale of securities	60 856	63 812
Other revenue	329	352
	2 014 838	2 310 341
APPLICATION OF FINANCIAL RESOURCES		
Net increase in investments		
Bonds	1 355 185	1 048 171
Shares and convertible securities	805 061	443 223
Mortgage financing	97 465	(16 496)
Real estate investments	77 678	133 020
Short-term securities	(339 043)	675 598
	1 996 346	2 283 516
Administration	11 818	10 986
Net change in other assets and liabilities	6 674	15 839
	2 014 838	2 310 341

NOTES TO CUMULATIVE FINANCIAL STATEMENTS

at December 31, 1984

1 — CONSTITUTION AND ACTIVITIES

A corporation within the meaning of the Civil Code, the Caisse de dépôt et placement du Québec was created by a special Act (R.S.Q., c. C-2).

The Caisse accepts deposits prescribed by statute.

The amounts deposited in the General Fund and the individual funds of the Caisse de dépôt have been entrusted to it in the form of demand and term deposits and participation deposits at the option of the depositor.

The General Fund is a collective fund authorized to accept demand, term and participation deposits from approved depositors. Individual funds have only one depositor from whom only participation deposits are accepted.

In accordance with its prescribed internal procedure, the Caisse de dépôt transferred depositors' equity in segregated funds to an individual fund created for each, thereby terminating segregated fund operations.

2 — ACCOUNTING POLICIES

The cumulative financial statements of the Caisse de dépôt were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

(a) Cumulative financial statements

The cumulative financial statements of the Caisse de dépôt include the accounts of the General Fund and those of individual funds having their own financial statements. The accounts of separately managed portfolios have been excluded.

(b) Investments

Investments in bonds, mortgage financing, real estate, as well as short-term investments are shown at their amortized cost price. Shares, convertible securities and land are recorded at cost.

(c) Recording of transactions

Purchase and sales transactions of securities are recorded according to their settlement date.

(d) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

(e) Interest on short-term securities — net

This item includes interest earned on short-term securities, interest charges on loans and gains or losses on foreign exchange.

(f) Fixed assets

Furniture and equipment purchases as well as the furnishing of offices are charged to administration. Installation costs for moving into new offices during 1982 are amortized over ten years.

(g) Foreign currency

Current assets and liabilities in foreign currencies are expressed in terms of Canadian dollars at the exchange rate in effect on the date of the balance sheet. Investments are converted according to the exchange rate in effect at the time of the transaction or according to the consideration value set by term contracts. Revenue is expressed at the average exchange rate in effect during each quarter of the fiscal year.

(h) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

3 — REALIZATION VALUE OF INVESTMENTS

The realization value of investments at December 31 details as follows:

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Bonds	11 412 663	10 196 857
Shares and convertible securities	4 852 746	3 075 306
Mortgage financing	1 153 714	1 022 586
Real estate investments	308 995	190 781
Short-term securities	829 066	1 170 368
	18 557 184	15 655 898

4 — DEPOSITORS' EQUITY

Demand and term deposits represent indebtedness on the part of the Caisse de dépôt toward depositors and as such bear interest.

Participation deposits are expressed in units that give the holder a proportionate share in the net revenue and equity of the fund. At the end of each quarter, the net revenue of a fund is allocated to the holders of participation deposits, after subtracting any transfer to the general reserve.

Depositors' equity at December 31 breaks down as follows:

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Indebtedness toward depositors		
Demand deposits	38 470	108 748
Term deposits	76 820	166 300
Interest on demand and term deposits	1 465	3 167
Revenue to allocate	446 483	330 865
	563 238	609 080
Participation deposit holder's equity		
Participation deposits	17 152 286	15 140 030
General reserve	310 108	273 502
	17 462 394	15 413 532
	18 025 632	16 022 612

5 — GENERAL RESERVE

The general reserve, constituted for the General Fund alone, is made up of capital gains and losses from the sale of securities and the spread between the book value and the realization value of cancelled units of participation deposits.

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

GENERAL FUND

AUDITOR'S REPORT

I have examined the balance sheet of the General Fund of the Caisse de dépôt et placement du Québec at December 31, 1983 and the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of the General Fund were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial situation of the Fund at December 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, March 7, 1984

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

GENERAL FUND
BALANCE SHEET
as at December 31, 1983
($ THOUSANDS)

	1983	1982
ASSETS		
Investments (Note 2)		
Bonds	8 528 539	7 814 328
Shares and convertible securities	1 634 884	1 384 125
Mortgage financing	482 928	403 657
Real estate investments	263 316	188 060
Short-term securities	824 330	1 168 548
	11 733 997	10 958 718
Cash	7 034	2 594
Investment earnings, accrued and receivable	244 614	230 237
Other assets	4 827	2 933
	11 990 472	11 194 482
LIABILITIES		
Deposits (Note 3)		
Demand	195 210	485 614
Term	76 820	166 300
Revenue payable to depositors (Note 4)	296 135	267 280
Interest on demand and term deposits payable to depositors and other funds	3 342	6 273
Transactions under settlement	3 233	1 811
Mortgage loans	30 699	17 651
Other liabilities	71 816	50 978
	677 255	995 907
PARTICIPATION DEPOSIT HOLDERS' EQUITY		
Participation deposits (Note 5)	11 003 109	9 925 073
General reserve (Note 6)	310 108	273 502
	11 313 217	10 198 575
	11 990 472	11 194 482

ON BEHALF OF THE BOARD OF DIRECTORS

Jean CAMPEAU
Claude LEGAULT

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

GENERAL FUND

REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1983
($ THOUSANDS)

	1983	1982
REVENUE		
Investment earnings		
Interest on bonds	956 350	847 571
Interest and dividends on convertible securities	72 470	72 844
Interest on mortgage financing	44 941	44 318
Real estate investment earnings	21 845	12 420
Interest on short-term securities — net	118 196	140 285
	1 213 802	1 117 438
Profit and loss on the sale of securities	33 728	31 671
Other revenue	301	326
Total revenue	1 247 831	1 149 435
EXPENDITURE		
Administration		
Wages, salaries and fringe benefits	6 304	5 998
Travel expenses	268	238
Professional fees	717	613
Mortgage management fees	1 572	1 580
Handling and safekeeping charges	417	284
Insurance	169	151
Premises	1 199	1 138
Equipement	482	371
Stationery and office supplies	97	93
Documentation and information	326	308
Communications	246	222
Amortization of installation charges	95	95
	11 892	11 091
Administrative expenditure charged to other funds and portfolios (Note 7)	5 028	4 635
Administration expenditure charged to the General Fund	6 864	6 456
Balance of revenue	1 240 967	1 142 979
Interest on demand and term deposits — net	65 626	81 643
Net revenue	1 175 341	1 061 336
Transfer to the general reserve of profit and loss on the sale of securities (Note 6)	(33 728)	(31 671)
Revenue allocated to participation deposit holders (Note 4)	1 141 613	1 029 665

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

GENERAL FUND

NOTES TO FINANCIAL STATEMENTS

at December 31, 1983

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1 — MAIN ACCOUNTING POLICIES

The financial statements of the General Fund were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

(a) Consolidation

For administrative purposes, certain real estate investments of the General Fund are held by wholly owned subsidiaries whose accounts are consolidated with those of the Fund. The subsidiaries are:

Cadim (1983) Inc.
Développements Pasteur Inc.
Immeubles Cadimont Inc.
Immeubles Cadev Inc.
Place Dupuis Inc.
Société immobilière Trans-Québec Inc.

(b) Investments

Investments in bonds, mortgage financing, real estate, as well as short-term investments are shown at their amortized cost price. Shares, convertible securities and land are recorded at cost.

(c) Recording of transactions

Purchase and sales transactions of securities are recorded according to their settlement date.

(d) Dividend earnings

Income from dividends in recorded when entered in the shareholder record.

(e) Interest on short-term securities — net

This item includes interest earned on short-term securities, interest charges on loans and gains or losses on foreign currency exchange.

(f) Fixed assets

Furniture and equipment purchases as well as the furnishing of offices are charged to administrative expenditure. Installation costs for moving into new offices during 1982 are charged to administration over ten years.

(g) Interest earned on advances

Interest earned on advances to deposits holders or to Individual Funds is subtracted from interest on demand and term deposits.

(h) Foreign currency exchange

Current assets and liabilities in foreign currencies are expressed in terms of Canadian dollars at the exchange rate in effect on the date of the balance sheet. Long-term investments are converted according to the exchange rate in effect at the time of the transaction or according to the consideration value set by term contracts. Revenue is expressed at the average exchange rate during each quarter of the fiscal year.

(i) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

2 — REALIZATION VALUE OF INVESTMENTS

The realization value of investments at December 31 details as follows:

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Bonds	8 060 583	7 452 671
Shares and convertible securities	2 317 810	1 589 610
Mortgage financing	451 438	353 022
Real estate investments	307 683	190 579
Short-term securities	823 891	1 170 368
	11 961 405	10 756 250

3 — DEPOSITS

Amounts the Caisse de dépôt receives have been entrusted to it in the form of demand, term or participation deposits, at the option of the depositor. Demand and term deposits represent indebtedness of the Caisse de dépôt toward depositors and as such bear interest.

Demand and term deposits in the General Fund included the deposits of the segregated and the individual funds, broken down in this manner at December 31:

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Individual Fund 330	48 694	149 959
Individual Funds 301, 302, 303 304, 311, 313	108 044	
Segregated funds		226 907
	156 738	376 866

4 — ALLOCATION OF NET REVENUE

At the end of each quarter, the General Fund's net revenue, after subtracting the transfer to the general reserve, is allocated to participation deposit holders. At the beginning of the next quarter, this revenue is paid to their demand deposit account.

Revenue to depositors

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Fiscal year flow:		
Net revenue payable at the beginning	267 280	235 093
Net revenue for the year	1 141 613	1 029 665
	1 408 893	1 264 758
Paid during the year	1 112 758	997 478
Net revenue payable at year-end	296 135	267 280

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

GENERAL FUND

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

5 — PARTICIPATION DEPOSITS

Participation deposits are recorded in units and each one represents a proportionate share in the net equity and revenue of the fund for the holder. The value of a participation deposit is established at the end of each quarter on the basis of the realization value of the Fund's net equity, divided by the number of outstanding units at that time; this value is used as the issue or cancellation price at the beginning of the next quarter.

(a) Fiscal year flow:

	1983		1982	
	Units	($ THOUSANDS)	Units	($ THOUSANDS)
Balance at the beginning	12 493 458	9 925 073	10 539 302	8 651 502
Issued	1 386 759	1 133 967	1 954 156	1 273 571
Cancelled	(63 819)	(53 714)		
Adjustment to general reserve (Note 6)		(2 217)		
Balance at year-end	13 816 398	11 003 109	12 493 458	9 925 073

(b) Realization value at December 31:

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Net equity of the Fund according to balance sheet	11 313 217	10 198 575
Add:		
Investments		
realization value (Note 3)	11 961 405	10 756 250
balance sheet	11 733 997	10 958 718
	227 408	(202 468)
Total realization value	11 540 625	9 996 107
Unit realization value (in dollars)	$835	$800

6 — GENERAL RESERVE

The general reserve consists of capital gains and losses from the sale of securities and the spread between the book value and the realization value of cancelled units of participation deposits.

The spread on participation deposits cancelled by a depositor during 1983 was calculated according to the average cost of the depositor's units. In addition, the cost of previously cancelled units of the participation deposit account was adjusted so as to reflect the average cost per depositor rather than the average cost of the Fund's total number of units.

Fiscal year flow:

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Balance at the beginning	273 502	241 831
Transfer from the statement of revenue and expenditure	33 728	31 671
Spread between the book and realization value of cancelled participation deposit units	661	
Participation deposit account adjustement (Note 5)	2 217	
Balance at year-end	310 108	273 502

7 — ADMINISTRATION

Administrative expenditure for the year ended December 31st was assigned as follows:

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Individual Fund 330	1 022	856
Individual Funds 301, 302, 303, 304, 311, 313 320	3 932	
Segregated funds		3 674
Separately managed portfolios	74	105
	5 028	4 635

8 — COMPARATIVE FIGURES

Certain data from the 1982 balance sheet were reclassified for purposes of the 1983 presentation.

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

INDIVIDUAL FUND 301

AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 301 of the Caisse de dépôt et placement du Québec at December 31, 1983 and the statement of income and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of Individual Fund 301 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial situation of the Fund at December 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 1.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, March 7, 1984

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

INDIVIDUAL FUND 301
BALANCE SHEET
as at December 31, 1983
($ THOUSANDS)

	December 31, 1983	January 1, 1983 (Note 1)
ASSETS		
Investments (Note 3)		
Bonds	1 419 403	1 067 483
Shares and convertible securities	942 142	695 666
Mortgage financing	131 423	153 507
Real-estate investments	30	63
Short-term securities	2 592	
Demand deposits in the General Fund	46 027	125 607
	2 541 617	2 042 326
Investment earnings, accrued and receivable	47 364	38 599
	2 588 981	2 080 925
LIABILITIES		
Net revenue payable to depositor (Note 4)	65 226	19 430
Transactions under settlement	4 858	201
Other liabilities	1 456	1 249
	71 540	20 880
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 4)	2 517 441	2 060 045
	2 588 981	2 080 925

ON BEHALF OF THE BOARD OF DIRECTORS

Jean CAMPEAU
Claude LEGAULT

INDIVIDUAL FUND 301

REVENUE AND EXPENDITURE
for the fiscal year ended December 31, 1983
($ THOUSANDS)

REVENUE	
Investment earnings	
Interest on bonds	167 156
Dividends, interest on convertible securities	36 722
Interest on mortgage financing	18 518
Interest on short-term securities	270
Interest on deposits in the General Fund	10 607
	233 273
Profit and loss on the sale of securities	18 219
Other	13
	251 505
EXPENDITURE	
Administration	1 802
Net revenue (Note 4)	249 703

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 301

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

1 — IDENTIFICATION

The depositor of the Caisse's Individual Fund 301 is the pension plan for Government and public employees, unionizable sector, administered by the Commission administrative des régimes de retraite et d'assurances.

The Fund was created January 1, 1983 to hold the depositor's equity transferred from segregated funds. In accordance with the Caisse's prescribed transfer procedure, the net equity of a segregated fund as determined at December 31, 1982 was distributed among depositors in proportion to the number of participation units each held. Participation deposits in segregated funds were cancelled and replaced with those in an individual fund at a par value of $1 000 per unit. This transfer thereby terminated segregated fund operations.

2 — MAIN ACCOUNTING POLICIES

The financial statements of Individual Fund 301 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

(a) Investments

Investments in bonds, mortgage financing, real estate and short-term securities are recorded at amortized cost. Shares, convertible securities and land are recorded at cost price.

(b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

(c) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

(d) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

3 — REALIZATION VALUE OF INVESTMENTS

The realization value of investments at December 31, 1983 details as follows:

	($ THOUSANDS)
Bonds	1 460 193
Shares and convertible securities	1 273 534
Mortgage financing	134 627
Real estate investments	25
Short-term securities	2 592
Demand deposits in the General Fund	46 027
	2 916 998

4 — PARTICIPATION DEPOSITS

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Payment may take the form of newly issued units. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the unit, plus the gain or minus the loss from the disposal of securities for purposes of the withdrawal.

Participation deposits

(a) Fiscal year flow:

	No. of units	($ THOUSANDS)
Balance at January 1, 1983 (Note 1)	2 060 045	2 060 045
Issued during the year	457 396	457 396
Balance at year-end	2 517 441	2 517 441

(b) Realization value at December 31, 1983:

	($ THOUSANDS)
Net equity of the Fund according to balance sheet	2 517 441
Add:	
Investments	
realization value (Note 3)	2 916 998
balance sheet	2 541 617
	375 381
Total realization value	2 892 822
Unit realization value (in dollars)	$1 149

Net revenue payable to depositor

	($ THOUSANDS)
Fiscal year flow:	
Net revenue payable at January 1, 1983	19 430
Net revenue for the year	249 703
	269 133
Paid during the year	203 907
Net revenue payable at December 31, 1983	65 226

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

INDIVIDUAL FUND 302

AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 302 of the Caisse de dépôt et placement du Québec at December 31, 1983 and the statement of income and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of Individual Fund 302 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial situation of the Fund at December 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, March 7, 1984

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

INDIVIDUAL FUND 302
BALANCE SHEET
as at December 31, 1983
($ THOUSANDS)

	December 31, 1983	January 1, 1983 (Note 1)
ASSETS		
Investments (Note 3)		
Bonds	335 376	271 856
Shares and convertible securities	231 651	175 463
Mortgage financing	45 976	43 616
Short-term securities	594	
Demand deposits in the General Fund	10 251	30 738
	623 848	521 673
Investment earnings, accrued and receivable	12 083	9 951
	635 931	531 624
LIABILITIES		
Net revenue payable to depositor (Note 4)	13 597	4 573
Transactions under settlement	438	34
Other liabilities	342	209
	14 377	4 816
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 4)	621 554	526 808
	635 931	531 624

ON BEHALF OF THE BOARD OF DIRECTORS

Jean CAMPEAU
Claude LEGAULT

INDIVIDUAL FUND 302

REVENUE AND EXPENDITURE
for the fiscal year ended December 31, 1983
($ THOUSANDS)

REVENUE	
Investment earnings	
Interest on bonds	38 739
Dividends, interest on convertible securities	8 248
Interest on mortgage financing	5 576
Interest on short-term securities	58
Interest on deposits in the General Fund	2 377
	54 998
Profit and loss on the sale of securities	2 142
	57 140
EXPENDITURE	
Administration	475
Net revenue (Note 4)	56 665

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 302

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

1 — IDENTIFICATION

The depositor of the Caisse's Individual Fund 302 is the pension plan for Government and public employees, non-unionizable sector, administered by the Commission administrative des régimes de retraite et d'assurances.

The Fund was created January 1, 1983 to hold the depositor's equity transferred from segregated funds. In accordance with the Caisse's prescribed transfer procedure, the net equity of a segregated fund as determined at December 31, 1982 was distributed among depositors in proportion to the number of participation units each held. Participation deposits in segregated funds were cancelled and replaced with those in an individual fund at a par value of $1 000 per unit. This transfer thereby terminated segregated fund operations.

2 — MAIN ACCOUNTING POLICIES

The financial statements of Individual Fund 303 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

(a) Investments

Investments in bonds, mortgage financing, real estate and short-term securities are recorded at amortized cost. Shares, convertible securities and land are recorded at cost price.

(b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

(c) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

(d) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

3 — REALIZATION VALUE OF INVESTMENTS

The realization value of investments at December 31, 1983 details as follows:

	($ THOUSANDS)
Bonds	332 215
Shares and convertible securities	286 853
Mortgage financing	46 803
Short-term securities	594
Demand deposits in the General Fund	10 251
	676 716

4 — PARTICIPATION DEPOSITS

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Payment may take the form of newly issued units. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the unit, plus the gain or minus the loss from the disposal of securities for purposes of the withdrawal.

Participation deposits

(a) Fiscal year flow:

	No. of units	($ THOUSANDS)
Balance at January 1, 1983 (Note 1)	526 808	526 808
Issued during the year	94 746	94 746
Balance at year-end	621 554	621 554

(b) Realization value at December 31, 1983:

	($ THOUSANDS)
Net equity of the Fund according to balance sheet	621 554
Add:	
Investments	
realization value (Note 3)	676 716
balance sheet	623 848
	52 868
Total realization value	674 422
Unit realization value (in dollars)	1 085 $

Net revenue payable to depositor

	($ THOUSANDS)
Fiscal year flow:	
Net revenue payable at January 1, 1983	4 573
Net revenue for the year	56 665
	61 238
Paid during the year	47 641
Net revenue payable at December 31, 1983	13 597

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

INDIVIDUAL FUND 303

AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 303 of the Caisse de dépôt et placement du Québec at December 31, 1983 and the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of Individual Fund 303 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial situation of the Fund at December 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, March 7, 1984

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

INDIVIDUAL FUND 303
BALANCE SHEET
as at December 31, 1983
($ THOUSANDS)

	December 31, 1983	January 1, 1983 (Note 1)
ASSETS		
Investments (Note 3)		
Bonds	11 210	10 078
Shares and convertible securities	3 703	971
Demand deposits in the General Fund	865	557
	15 778	11 606
Investment earnings, accrued and receivable	363	294
	16 141	11 900
LIABILITIES		
Net revenue payable to depositor (Note 4)	448	124
Transactions under settlement	29	2
	477	126
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 4)	15 664	11 774
	16 141	11 900

ON BEHALF OF THE BOARD OF DIRECTORS

Jean CAMPEAU
Claude LEGAULT

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 303

REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1983
($ THOUSANDS)

REVENUE	
Investment earnings	
Interest on bonds	1 423
Dividends, interest on convertible securities	86
Interest on deposits in the General Fund	69
	1 578
Profit and loss on the sale of securities	160
	1 738
EXPENDITURE	
Administration	8
Net revenue (Note 4)	1 730

INDIVIDUAL FUND 303

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

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1 — IDENTIFICATION

The depositor of the Caisse's Individual Fund 303 is the individual plans administered by the Commission administrative des régimes de retraite et d'assurances.

The Fund was created January 1, 1983 to hold the depositor's equity transferred from segregated funds. In accordance with the Caisse's prescribed transfer procedure, the net equity of a segregated fund as determined at December 31, 1982 was distributed among depositors in proportion to the number of participation units each held. Participation deposits in segregated funds were cancelled and replaced with those in an individual fund at a par value of $1 000 per unit. This transfer thereby terminated segregated fund operations.

2 — MAIN ACCOUNTING POLICIES

The financial statements of Individual Fund 303 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

(a) Investments

Investments in bonds are recorded at amortized cost. Shares and convertible securities are recorded at cost price.

(b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

(c) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

(d) Administration

Administration expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

3 — REALIZATION VALUE OF INVESTMENTS

The realization value of investments at December 31, 1983 details as follows:

	($ THOUSANDS)
Bonds	11 414
Shares and convertible securities	4 393
Demand deposits in the General Fund	865
	16 672

4 — PARTICIPATION DEPOSITS

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Payment may take the form of newly issued units. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the unit, plus or minus the gain or loss from the disposal of securities for purposes of the withdrawal.

Participation deposits

a) Fiscal year flow:

	No. of units	($ THOUSANDS)
Balance at January 1, 1983 (Note 1)	11 774	11 774
Issued during the year	3 903	3 903
Cancelled during the year	(13)	(13)
Balance at year-end	15 664	15 664

b) Realization value at December 31, 1983:

	($ THOUSANDS)
Net equity of the Fund according to balance sheet	15 664
Add:	
Investments	
realization value (Note 3)	16 672
balance sheet	15 778
	894
Total realization value	16 558
Unit realization value (in dollars)	1 057 $

Net revenue payable to depositor

	($ THOUSANDS)
Fiscal year flow:	
Net revenue payable at January 1, 1983	124
Net revenue for the year	1 730
	1 854
Paid during the year	1 406
Net revenue payable at December 31, 1983	448

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC
R.S.Q., c. C-2

INDIVIDUAL FUND 304

AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 304 of the Caisse de dépôt et placement du Québec at December 31, 1983 and the statement of income and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of Individual Fund 304 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial situation of the Fund at December 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, March 7, 1984

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC
R.S.Q., c. C-2

INDIVIDUAL FUND 304
BALANCE SHEET
as at December 31, 1983
($ THOUSANDS)

	December 31, 1983	January 1, 1983 (Note 1)
ASSETS		
Investments (Note 3)		
Bonds	7 313	6 188
Shares and convertible securities	1 822	851
Demand deposits in the General Fund	344	374
	9 479	7 413
Investment earnings, accrued and receivable	233	185
	9 712	7 598
LIABILITIES		
Net revenue payable to depositor (Note 4)	260	79
Transactions under settlement	13	1
	273	80
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 4)	9 439	7 518
	9 712	7 598

ON BEHALF OF THE BOARD OF DIRECTORS

Jean CAMPEAU
Claude LEGAULT

INDIVIDUAL FUND 304

REVENUE AND EXPENDITURE
for the fiscal year ended December 31, 1983
($ THOUSANDS)

REVENUE

Investment earnings	
Interest on bonds	905
Dividends, interest on convertible securities	53
Interest on deposits in the General Fund	28
	986
Profit and loss on the sale of securities	123
	1 109

EXPENDITURE

Administration	5
Net revenue (Note 4)	1 104

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 304

NOTES TO FINANCIAL STATEMENTS

at December 31, 1983

1 — IDENTIFICATION

The depositor of the Caisse's Individual Fund 304 is the pension plan for mayors and councillors of municipalities, which is administered by the Commission administrative des régimes de retraite et d'assurances.

The Fund was created January 1, 1983 to hold the depositor's equity transferred from segregated funds. In accordance with the Caisse's prescribed transfer procedure, the net equity of a segregated fund as determined at December 31, 1982 was distributed among depositors in proportion to the number of participation units each held. Participation deposits in segregated funds were cancelled and replaced with those in an individual fund at a par value of $1 000 per unit. This transfer thereby terminated segregated fund operations.

2 — MAIN ACCOUNTING POLICIES

The financial statements of Individual Fund 304 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Investments

Investments in bonds are recorded at amortized cost. Shares and convertible securities are recorded at cost price.

b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

c) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

d) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

3 — REALIZATION VALUE OF INVESTMENTS

The realization value of investments at December 31, 1983 details as follows:

	($ THOUSANDS)
Bonds	7 509
Shares and convertible securities	2 234
Demand deposits in the General Fund	344
	10 087

4 — PARTICIPATION DEPOSITS

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Payment may take the form of newly issued units. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the unit, plus the gain or minus the loss from the disposal of securities for purposes of the withdrawal.

Participation deposits

a) Fiscal year flow:

	No. of units	($ THOUSANDS)
Balance at January 1, 1983 (Note 1)	7 518	7 518
Issued during the year	1 923	1 923
Cancelled during the year	(2)	(2)
Balance at year-end	9 439	9 439

b) Realization value at December 31, 1983:

	($ THOUSANDS)
Net equity of the Fund according to balance sheet	9 439
Add:	
Investments	
realization value (Note 3)	10 087
balance sheet	9 479
	608
Total realization value	10 047
Unit realization value (in dollars)	$1 064

Net revenue payable to depositor

	($ THOUSANDS)
Fiscal year flow:	
Net revenue payable at January 1, 1983	79
Net revenue for the year	1 104
	1 183
Paid during the year	923
Net revenue payable at December 31, 1983	260

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

INDIVIDUAL FUND 311

AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 311 of the Caisse de dépôt et placement du Québec at December 31, 1983 and the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of Individual Fund 311 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial situation of the Fund at December 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, March 7, 1984

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

INDIVIDUAL FUND 311
BALANCE SHEET
as at December 31, 1983
($ THOUSANDS)

	December 31, 1983	January 1, 1983 (Note 1)
ASSETS		
Investments (Note 3)		
Bonds	456 891	411 627
Shares and convertible securities	308 332	243 812
Mortgage financing	429 259	415 839
Real estate investments	2 635	181
Short-term securities	558	
Demand deposits in the General Fund	49 457	63 137
	1 247 132	1 134 596
Investment earnings, accrued and receivable	21 285	20 128
Other assets	9	8
	1 268 426	1 154 732
LIABILITIES		
Net revenue payable to depositor (Note 4)	30 509	10 540
Transactions under settlement	875	70
Other liabilities	3 196	3 080
	34 580	13 690
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 4)	1 233 846	1 141 042
	1 268 426	1 154 732

ON BEHALF OF THE BOARD OF DIRECTORS

Jean CAMPEAU
Claude LEGAULT

INDIVIDUAL FUND 311

REVENUE AND EXPENDITURE
for the fiscal year ended December 31, 1983
($ THOUSANDS)

REVENUE

Investment earnings	
Interest on bonds	52 386
Dividends, interest on convertible securities	11 966
Interest on mortgage financing	48 598
Interest on short-term securities	58
Interest on deposits in the General Fund	6 951
	119 959
Profit and loss on the sale of securities	6 961
Other revenue	15
	126 935

EXPENDITURE

Administration	1 621
Net revenue (Note 4)	125 314

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 311

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

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1 — IDENTIFICATION

The depositor of the Caisse's Individual Fund 311 is the supplemental pension plan for employees of the Québec construction industry, active and retired contributors, administered by the Office de la construction du Québec.

The Fund was created January 1, 1983 to hold the depositor's equity transferred from segregated funds. In accordance with the Caisse's prescribed transfer procedure, the net equity of a segregated fund as determined at December 31, 1962 was distributed among depositors in proportion to the number of participation units each held. Participation deposits in segregated funds were cancelled and replaced with those in an individual fund at a par value of $1 000 per unit. This transfer thereby terminated segregated fund operations.

2 — MAIN ACCOUNTING POLICIES

The financial statements of Individual Fund 311 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Investments

Investments in bonds, mortgage financing, real estate and short-term securities are recorded at amortized cost. Shares, convertible securities and land are recorded at cost price.

b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

c) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

d) Aadministration

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

3 — REALIZATION VALUE OF INVESTMENTS

The realization value of investments at December 31, 1983 details as follows:

	($ THOUSANDS)
Bonds	438 301
Shares and convertible securities	409 294
Mortgage financing	431 870
Real estate investments	1 287
Short-term securities	558
Demand deposits in the General Fund	49 457
	1 330 767

4 — PARTICIPATION DEPOSITS

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Payment may take the form of newly issued units. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the unit, plus the gain or minus the loss from the disposal of securities for purposes of the withdrawal.

Participation deposits

a) Fiscal year flow:

	No. of units	($ THOUSANDS)
Balance at January 1, 1983 (Note 1)	1 141 042	1 141 042
Issued during the year	92 804	92 804
Balance at year-end	1 233 846	1 233 846

b) Realization value at December 31, 1983:

	($ THOUSANDS)
Net equity of the Fund according to balance sheet	1 233 846
Add:	
Investments	
realization value (Note 3)	1 330 767
balance sheet	1 247 132
	83 635
Total realization value	1 317 481
Unit realization value (in dollars)	$1 068

Net revenue payable to depositor

	($ THOUSANDS)
Fiscal year flow:	
Net revenue payable at January 1, 1983	10 540
Net revenue for the year	125 314
	135 854
Paid during the year	105 345
Net revenue payable at December 31, 1983	30 509

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

INDIVIDUAL FUND 313

AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 313 of the Caisse de dépôt et placement du Québec at December 31, 1983 and the statement of income and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of Individual Fund 313 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial situation of the Fund at December 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, March 7, 1984

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC
R.S.Q., c. C-2

INDIVIDUAL FUND 313
BALANCE SHEET
as at December 31, 1983
($ THOUSANDS)

	December 31, 1983	January 1, 1983 (Note 1)
ASSETS		
Investments (Note 3)		
Bonds	21 264	
Demand deposits in the General Fund	1 102	5 141
	22 366	5 141
Investment earnings, accrued and receivable	541	
	22 907	5 141
LIABILITIES		
Net revenue payable to depositor (Note 4)	579	46
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 4)	22 328	5 095
	22 907	5 141

ON BEHALF OF THE BOARD DIRECTORS

Jean CAMPEAU
Claude LEGAULT

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 313

REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1983
($ THOUSANDS)

REVENUE	
Investment earnings	
Interest on bonds	1 440
Interest on deposits in the General Fund	235
	1 675
Profit and loss on the sale of securities	14
	1 689
EXPENDITURE	
Administration	9
Net revene (Note 4)	1 680

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 313

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

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1 — IDENTIFICATION

The depositor of the Caisse's Individual Fund 313 is the supplemental pension plan for employees of the Québec construction industry — additional contributions, administered by the Office de la construction du Québec.

The Fund was created January 1, 1983 to hold the depositor's equity transferred from segregated funds. In accordance with the Caisse's prescribed transfer procedure, the net equity of a segregated fund as determined at December 31, 1982 was distributed among depositors in proportion to the number of participation units each held. Participation deposits in segregated funds were cancelled and replaced with those in an individual fund at a par value of $1 000 per unit. This transfer thereby terminated segregated fund operations.

2 — MAIN ACCOUNTING POLICIES

The financial statements of Individual Fund 313 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Investment

Investments in bonds are recorded at amortized cost.

b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

c) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

3 — REALIZATION VALUE OF INVESTMENTS

The realization value of investments at December 31, 1983 details as follows:

	($ THOUSANDS)
Bonds	21 275
Demand deposits in the General Fund	1 102
	22 377

4 — PARTICIPATION DEPOSITS

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Payment may take the form of newly issued units. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the unit, plus the gain or minus the loss from the disposal of securities for purposes of the withdrawal.

Participation deposits

a) Fiscal year flow:

	No. of units	($ THOUSANDS)
Balance at January 1, 1983 (Note 1)	5 095	5 095
Issued during the year	17 233	17 233
Balance at year-end	22 328	22 328

b) Realization value at December 31, 1983:

	($ THOUSANDS)
Net equity of the Fund according to balance sheet	22 326
Add:	
Investments	
realization value (Note 3)	22 377
balance sheet	22 366
	11
Total realization value	22 339
Unit realization value (in dollars)	$1 000

Net revenue payable to depositor

	($ THOUSANDS)
Fiscal year flow:	
Net revenue payable at January 1, 1983	46
Net revenue for the year	1 680
	1 726
Paid during the year	1 147
Net revenue payable at December 31, 1983	579

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

INDIVIDUAL FUND 320

AUDITOR'S REPORT

I have examined the statement of revenue and expenditure of Individual Fund 320 of the Caisse de dépôt et placement du Québec for the nine months ended September 30, 1983. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of Individual Fund 320 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and the statement accurately presents the operating results of the Fund for the nine-month period ended September 30, 1983, according to the accounting policies in Note 2.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, March 7, 1984

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

INDIVIDUAL FUND 320

REVENUE AND EXPENDITURE

for the nine months ended September 30, 1983
($ THOUSANDS)

REVENUE	
Investment earnings	
Interest on bonds	983
Dividends, interest on convertible securities	126
Interest on mortgage financing	215
Interest on deposits in the General Fund	133
	1 457
Profit and loss on the sale of securities	1 388
	2 845
EXPENDITURE	
Administration	12
Net revenue	2 833

ON BEHALF OF THE BOARD OF DIRECTORS

Jean CAMPEAU
Claude LEGAULT

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 320

NOTES TO THE FINANCIAL STATEMENT
at September 30, 1983

1 — IDENTIFICATION, REALIZATION AND FUND DISSOLUTION

The Université du Québec supplemental pension plan, holder of participation deposits of Individual Fund 320 which was created as a result of the transfer on January 1, 1983 of the depositor's net equity in segregated funds, cancelled all its units during the third quarter of 1983. Consequent on the withdrawal, the realization of all Fund investments was carried out and the net proceeds paid to the depositor, in accordance with prescribed Fund procedure.

The opening balance sheet of Individual Fund 320 at January 1, 1983 details as follows:

Assets

	($ THOUSANDS)
Investments	24 868
Investment earnings, accrued and receivable	466
	25 334

Liabilities

Net revenue payable to depositor	235
Other liabiliaties	7
	242
Participation deposit holder's equity	25 092
	25 334

2 — ACCOUNTING POLICIES

The financial statement of Individual Fund 320 was prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Investments

Investments in bonds and mortgage financing are recorded at amortized cost. Shares and convertible securities are recorded at cost price.

b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

c) Dividend revenue

Income from dividends is recorded when entered on the shareholder record.

d) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

3 — PARTICIPATION DEPOSITS

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Payment may take the form of newly issued units. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the unit, plus the gain or minus the loss from the disposal of securities for purposes of the withdrawal.

Participation deposits

a) Fiscal period flow

	No of units	($ THOUSANDS)
Balance at January 1, 1983 (Note 1)	25 092	25 092
Issued during the period	624	624
Cancelled during the period	(25 716)	(25 716)
Balance at September 30, 1983	—	—

b) Paid to depositor on withdrawal of all Fund units

	($ THOUSANDS)
Par value of units at 30 June 1983	25 716
Profit and loss upon realization of Fund securities for cancellation of all units	1 376
Paid to depositor on withdrawal of all Fund units	27 092

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

INDIVIDUAL FUND 330

AUDITOR'S REPORT

I have examined the balance sheet of Individual Fund 330 of the Caisse de dépôt et placement du Québec at December 31, 1983 and the statement of income and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of Individual Fund 330 were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial situation of the Fund at December 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, March 7, 1984

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC
R.S.Q., c. C-2

INDIVIDUAL FUND 330
BALANCE SHEET
as at December 31, 1983
($ THOUSANDS)

	1983	1982
ASSETS		
Investments (Note 3)		
Bonds	1 147 581	975 875
Shares and convertible securities	441 058	253 025
Mortgage financing	98 480	58 176
Short-term securities	1 431	
Demand deposits in the General Fund	48 694	149 959
	1 737 244	1 437 035
Investment earnings, accrued and receivable	32 283	29 189
	1 769 527	1 466 224
LIABILITIES		
Net revenue payable to depositor (Note 4)	39 729	28 558
Transactions under settlement	314	14
Other liabilities	579	65
	40 622	28 637
PARTICIPATION DEPOSIT HOLDER'S EQUITY		
Participation deposits (Note 4)	1 728 905	1 437 587
	1 769 527	1 466 224

ON BEHALF OF THE BOARD OF DIRECTORS

Jean CAMPEAU
Claude LEGAULT

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 330

REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1983
($ THOUSANDS)

	1983	1982
REVENUE		
Investment earnings		
Interest on bonds	117 578	107 006
Dividends, interest on convertible securities	15 644	11 191
Interest on mortgage financing	10 739	8 148
Interest on short-term securities — net	113	
Interest on deposits in the General Fund	14 645	11 907
	158 719	138 252
Profit and loss on the sale of securities	(1 934)	3 888
	156 785	142 140
EXPENDITURE		
Administration	1 022	856
Net revenue (Note 4)	155 763	141 284

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND 330

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

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1 — IDENTIFICATION

The depositor of the Caisse's Individual Fund 330 is the Commission de la santé et de la sécurité du travail.

2 — MAIN ACCOUNTING POLICIES

The financial statements of Individual Fund 330 were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

a) Investments

Investments in bonds, mortgage financing and short-term securities are recorded at amortized cost. Shares and convertible securities are recorded at cost price.

b) Recording of transactions

The purchase and sale of securities is recorded according to the settlement date.

c) Dividend revenue

Income from dividends is recorded when entered on the sharholder record.

d) Interest on short-term securities — net

This item includes interest earnings on short-term securities as well as gains and losses on currency exchange.

e) Foreign currency exchange

Current assets and liabilities in foreign currencies are expressed in terms of Canadian dollars at the exchange rate in effect on the date of the balance sheet. Long-term investments are converted according to the exchange rate in effect at the time of the transaction or according to the consideration value set by term contracts. Revenue is expressed at the average exchange rate during each quarter of the fiscal year.

f) Administration

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

3 — REALIZATION VALUE OF INVESTMENTS

The realization value of investments at December 31 details as follows:

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Bonds	1 081 173	914 750
Shares and convertible securities	558 628	280 394
Mortgage financing	102 216	63 111
Short-term securities	1 431	
Demand deposits in the General Fund	48 694	149 959
	1 792 142	1 408 214

4 — PARTICIPATION DEPOSITS

Participation deposits are recorded in units with each one having a value of $1 000. At the end of each quarter, the Fund's net revenue is paid to the deposit holder. Payment may take the form of newly issued units. Upon withdrawal of a unit from the Fund, the amount paid to the depositor is equal to the par value of the securities for purposes of the withdrawal.

Participation deposits

a) Fiscal year flow:

	1983		1982	
	No. of units	($ THOUSANDS)	No. of units	($ THOUSANDS)
Balance at the beginning	1 437 587	1 437 587	1 087 614	1 093 795
Issued during the year	291 318	291 318	349 973	343 792
Balance at year-end	1 728 905	1 728 905	1 437 587	1 437 587

b) Realization value at December 31st:

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Net equity of the Fund according to balance sheet	1 728 905	1 437 587
Add:		
Investments		
realization value (Note 3)	1 792 142	1 408 214
balance sheet	1 737 244	1 437 035
	54 898	(28 821)
Total realization value	1 783 803	1 408 766
Unit realization value (in dollars)	$1 032	$980

Net revenue payable to depositor

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Fiscal year flow:		
Net revenue payable at the beginning	28 558	133 884
Revenue for the year	155 763	141 284
	184 321	275 168
Paid during the year	144 592	246 610
Net revenue payable at year-end	39 729	28 558

5 — COMPARATIVE FIGURES

Certain data from the 1982 balance sheet were reclassified for purposes of the 1983 presentation.

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

R.S.Q., c. C-8

AUDITOR'S REPORT

I have examined the balance sheet of the Centre de recherche industrielle du Québec at March 31, 1984 as well as the statement of revenue and expenditure and that of equity for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Centre at December 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, May 18, 1984

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

R.S.Q., c. C-8

BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$4 802 280	$3 047 280
Accounts receivable and accrued interest	1 831 342	1 266 341
Contract projets to invoice	310 216	404 947
Inventories — at cost	81 888	122 726
Prepaid expenses	163 099	151 242
	7 188 825	4 992 536
FIXED ASSETS — AT COST (Note 3)	16 574 385	13 098 962
	$23 763 210	$18 091 498
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	$1 610 956	$1 465 783
Deposits and advances:		
on contract projects	770 395	156 280
Other	162 193	115 107
	2 543 544	1 737 170
EQUITY	21 219 666	16 354 328
	$23 763 210	$18 091 498

ON BEHALF OF THE BOARD OF DIRECTORS

Conrad JOHNSON
Michel DROUIN

EQUITY
for the fiscal year ended March 31, 1984

	1984	1983
BALANCE AT THE BEGINNING	$16 354 328	$12 083 563
Surplus revenue over expenditure	1 389 915	3 042 661
Acquisition of fixed assets recorded during the year	3 634 769	1 231 129
Disposal of fixed assets written off during the year	(159 346)	(3 025)
BALANCE AT YEAR-END	$21 219 666	$16 354 328
Represented by:		
Funds available for current operations	$4 645 281	$3 255 366
Investments in fixed assets	16 574 385	13 098 962
	$21 219 666	$16 354 328

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1984

	1984	1983
EXPENDITURES (note 4)		
General management	$126 866	$140 195
General secretariat and administrative services	3 090 284	2 812 597
Information and technological transfer	2 411 711	2 142 416
Commercialization	1 385 755	1 197 218
Research and development (Note 5)	8 755 702	7 890 204
	15 770 318	14 182 630
Acquisition of fixed assets	3 634 769	1 231 129
Proceeds upon disposal of fixed assets	(38 602)	(638)
	19 366 485	15 413 121
REVENUE		
Projects under contract	5 413 840	4 424 655
Interest on bank deposits	701 869	743 567
Other	340 691	287 560
	6 456 400	5 455 782
SURPLUS EXPENDITURE OVER REVENUE	12 910 085	9 957 339
GOUVERNEMENT DU QUÉBEC CONTRIBUTION	14 300 000	13 000 000
SURPLUS CONTRIBUTION AND REVENUE OVER EXPENDITURE	$1 389 915	$3 042 661

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — CONSTITUTION AND PURPOSE

Constituted under a special Act, the Centre de recherche industrielle du Québec is a corporation within the meaning of the Civil Code and is responsible for carrying on applied science research, developing processes and products for industry, as well as gathering and disseminating technological and industrial information.

2 — ACCOUNTING POLICIES

The financial statements presented make use of the accrual method, taking into consideration the following particular practices:

Fixed assets

The acquisition of fixed assets is charges to operating expenses; nonetheless, these items appear under assets and equity at their cost price and are not amortized.

Projects under contract

Projects under contracts are recorded at the lesser of costs incurred and that recovered under the terms of agreements.

3 — FIXED ASSETS

	1984	1983
Land and buildings	$8 273 278	$6 786 621
Laboratory equipment	6 891 691	5 368 569
Office furniture	1 147 619	703 850
Laboratory furniture	93 545	93 545
Audio-visual equipment	117 526	106 770
Rolling-stock	50 726	39 607
	$16 574 385	$13 098 962

4 — EXPENDITURES BY CATEGORY

	1984	1983
Wages, salaries and fringe benefits	$11 087 101	$10 158 296
Other employment expenses	229 101	149 941
Travel expenses	582 379	380 595
Stationery and office supplies	451 395	367 097
Equipment rental and maintenance	140 216	113 470
Laboratory supplies	762 390	752 436
Services	1 063 411	650 990
Building use	1 410 643	1 278 314
Sundry	30 337	36 899
Bad debts	13 345	294 592
	$15 770 318	$14 182 630

5 — RESEARCH AND DEVELOPMENT

	1984	1983
Mechanics	$2 196 590	$1 953 106
Materials	2 192 219	1 961 142
Electronics	1 807 548	1 718 509
Production engineering	2 559 345	2 257 447
	$8 755 702	$7 890 204

6 — GOUVERNEMENT DU QUÉBEC CONTRIBUTION

The Minister of Finance is authorized to pay the Centre a total of $85 000 000 over the period April 1, 1982 to March 31, 1987 in one or more installments, the amount and terms of which are determined by the Government. Payment for fiscal 1984-1985 cannot be less than $15 730 000 and for each subsequent year must be at least equal to that paid during the preceding one, indexed at the rate of 10%, until the total allotment of $85 million has been paid.

7 — PLANNED EXPANSION

The Centre acquired land in Montréal during fiscal 1984 with a view to building a research centre valued at about $21 million, including the cost of land, plant and equipment. The Centre plans on funding around half the cost of construction from its equity, with the remainder coming from outside sources.

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

AUDITOR'S REPORT

I have examined the statement of net disposable assets of the Government and Public Employees Retirement Plan at December 31, 1983 and the statement of change in net disposable assets for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances. I have relied on the opinion of Commission actuaries as concerns the actuarial liability of the Government and Public Employees Retirement Plan.

In my view, based on the audit and the actuaries' opinion, these statements accurately present the net disposable assets of the Plan at December 31, 1983 as well as the change in net disposable assets for the fiscal year then ended, according to widely recognized accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, April 4, 1984

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

ACTUARIAL CERTIFICATE

concerning commitments of the Government and Public Employees Retirement Plan

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We certify that the actuarial liabilities of the Plan, to which the first paragraph of Note 5 to the financial statements refers, are a sufficient provision to cover contractual commitments with respect to current pension payments, pensions to become payable as well as those already earned by contributors who are still working.

Such obligations, arising from the actuarial valuation at December 31, 1981 amount to $4 623 185 000 on that date. In our opinion, those obligations are founded on reliable data and adequate assumptions that make use of methods wholly in agreement with established principles accepted by the profession.

Renaud LONGCHAMPS, F.S.A., F.I.C.A.
Actuarial service chief of the Commission

Pierre-Yves JULIEN, F.S.A., F.I.C.A.
Actuarial service of the Commission

Québec, February 28, 1984

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
R.S.Q., c. R-10 and amendments

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

NET DISPOSABLE ASSETS
as at December 31, 1983
($ THOUSANDS)

	1983	1982
ASSETS		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 3)	3 230 272	2 657 135
Deposits with the Bureau général des dépôts of the ministère des Finances	3 343	4 553
Funds of certain supplemental pension plans, in process of transfer	1 429	1 187
Employer contributions receivable from the Government and accrued interest (Note 4)	3 876 049	3 243 872
Employer and employee contributions receivable from public agencies	31 681	35 784
Amounts receivable — transfers and purchase of years of service	2 785	3 950
	7 145 559	5 946 481
LIABILITIES		
Management fees, pensions, contribution refunds and transfers payable	3 930	5 154
Funds received from a supplemental pension plan not yet integrated	3 431	3 427
Excess contributions to be reimbursed	6 205	6 703
	13 566	15 284
NET DISPOSABLE ASSETS (Note 5)	7 131 993	5 931 197

ON BEHALF OF THE COMMISSION

Louison ROSS
President

André CAUCHON
Director of financial and material resources

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

CHANGE IN NET DISPOSABLE ASSETS

for the fiscal year ended December 31, 1983
($ THOUSANDS)

	1983		1982	
INCREASES				
Employee contributions (including transfers and purchase of years of service)		295 199		327 315
Transfer of certain supplemental pension plans' funds in return for pension credits		285		46
Gouvernement du Québec participation				
Employer contributions	283 303		378 514	
Interest	370 442		321 859	
Pensions, contribution refunds and transfer of past service upon entry into the Plan	8 236	661 981	6 558	706 931
Contributions of other employers		12 206		16 008
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 6)		307 954		257 923
Other interest income		688		984
		1 278 313		1 309 207
DECREASES				
Payments to participants:				
General Plan				
Pensions and life annuities		27 335		19 610
Contribution refunds		47 094		41 956
Contribution transfers, including interest		655		734
Integrated supplemental pension plans				
Life annuities		1 838		1 561
Contribution refunds		533		396
Contribution transfers, including interest		62		73
		77 517		64 330
NET INCREASE FOR THE YEAR		1 200 796		1 244 877
NET DISPOSABLE ASSETS AT THE BEGINNING		5 931 197		4 686 320
NET DISPOSABLE ASSETS AT YEAR-END		7 131 993		5 931 197

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

at December 31, 1983

1 — THE PLAN AND ITS FUNDING

General

The Government and Public Employees Retirement Plan is a partially-determined pension plan providing guaranteed payments in the event of death or retirement. It also allows for contribution refunds with interest, under certain conditions.

Since July 1, 1973, employees of the Government and eligible public agencies who do not participate in any other pension plan must join the Plan. Certain other employee groups, as defined by regulation, may also be Plan participants.

Funding

Employee contributions cover half of the total cost of the Plan, with the Government and other employers responsible for the balance.

Prior to July 1, 1982, employee contributions covered $^{5}/_{12}$ of Plan costs, with the Government and other employers making up the remainder.

2 — ACCOUNTING POLICIES

The financial statements of the Government and Public Employees Retirement Plan were prepared by management according to widely recognized accounting principles. In the opinion of management, these statements were properly drawn up, given the framework and relative importance of accounting practice summarized as follows:

a) Participation deposits in individual funds of the Caisse de dépôt et placement du Québec are recorded at cost.

b) Employee contributions held by agents at December 31 and turned over to the Commission during the subsequent fiscal year are included in the year's totals.

3 — FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC
($ THOUSANDS)

	1983				1982
	Employees' funds	Employers' funds	SPP* funds	Total	Total
Participation deposits in segregated funds** (realization value, 1982: $2 717 701)					$2 587 184
units					1 281 380
Participation deposits in individual funds (realization value, 1983: $3 567 245)	$2 899 414	$132 624	$106 957	$3 138 995	
units	2 899 414	132 624	106 957	3 138 995	
Demand deposits in the General Fund	$6 045	$510	$327	$6 882	$39 070
Accrued interest	$107	$2	$3	$112	$203
Separately managed portfolio (realization value, 1983: $4 997; 1982: $6 123)			$5 460	$5 460	$6 673
Revenue receivable from segregated funds					$24 002
Revenue receivable from individual funds	$73 495	$2 988	$2 340	$78 823	
	$2 979 061	$136 124	$115 087	$3 230 272	$2 657 135

* Supplemental pension plans

** The net assets at December 31, 1982 of each segregated fund were allocated by the Caisse de dépôt et placement du Québec as of January 1, 1983 among holders of participation deposits according to their share. Participation units in segregated funds were cancelled and replaced with individual fund units at a par value of $1 000 each.

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

4 — EMPLOYER CONTRIBUTIONS RECEIVABLE FROM THE GOUVERNEMENT DU QUEBEC AND ACCRUED INTEREST

At December 31, 1983, the amount of $3 876 049 000 ($3 243 872 000 at December 31, 1982) represents commitments of the Government toward the Plan as employer and those it assumes on behalf of other public sector employers, plus related interest accrued to that date. These commitments will be made good under terms set forth in the Act. The item does not include the current value of commitments ($929 625 000 and $28 190 000) to which Note 5 refers.

5 — PLAN COMMITMENTS TOWARD PARTICIPATING EMPLOYEES

The actuarial service of the Commission conducted a valuation of the Plan in 1983. According to that valuation, Plan commitments at December 31, 1981 amounted to $4 623 185 000, calculated according to the "level-premium capitalization" method.

Actuarial commitments of the Plan on that date do not include the current value of obligations related to years of service transferred to the Plan with respect to employees formerly subject to the Teachers Pension Plan or the Civil Service Superannuation Plan. In addition, they do not include the current value of obligations with respect to pension credits awarded some pensioners of the social affairs sector. The value of the aforementioned obligations are estimated by the actuarial service to be $929 625 000 at December 31, 1983 ($762 665 000 at December 31, 1981). These obligations are the responsibility of the Government.

Actuarial commitments of the Plan at December 31, 1981 do not include the current value of obligations of the supplemental pension plans, amounting to $119 449 000 according to the actuarial service; the experience loss of $28 190 000 at that date with respect to these pension plans is also the responsibility of the Government.

The actuarial service estimated Plan actuarial commitments at December 31, 1983, excluding those obligations to which the second and third paragraphs of this Note refers, to be in the order of $7 068 789 000. In the opinion of the actuarial service, this estimate could be sufficient to cover all pension commitments with respect to vested benefits at December 31, 1983, based on data known at the time the financial statements were prepared.

6 — REVENUE FROM FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC ($ THOUSANDS)

	1983				1982
	Employees' funds	Employers' funds	SPP* funds	Total	Total
Revenue from participation deposits in individual funds	283 609	12 422	10 008	306 039	
Revenue from participation deposits in segregated funds					253 541
Interest on deposits in the General Fund:					
demand	1 212	51	36	1 299	2 650
term					967
Revenue from separately managed portfolio			621	621	776
	284 821	12 473	10 665	307 959	257 934
Management and safekeeping charges			5	5	11
	284 821	12 473	10 660	307 954	257 923

* Supplemental pension plans

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

AUDITOR'S REPORT

I have examined the statement of receipts and outlays for the fiscal year ended December 31, 1983 by the following:

THE TEACHERS PENSION PLAN
THE CIVIL SERVICE SUPERANNUATION PLAN
THE PENSION PLAN FOR MEMBERS OF THE SÛRETÉ
  DU QUÉBEC
THE PENSION PLAN FOR MEMBERS OF THE NATIONAL
  ASSEMBLY
THE PENSION PLAN FOR JUDGES AND CORONERS
THE RETIREMENT AND PENSION PLAN FOR
  JUDGES (1978)
THE PENSION PLAN FOR COMMISSIONERS OF
  THE COMMISSION DES VALEURS MOBILIÈRES
  DU QUÉBEC
THE RETIREMENT PROTECTION PLAN FOR CERTAIN
  TEACHERS
AND SPECIAL PENSION PLANS.

My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances. I relied on the opinion of the actuaries of the Commission as concerns the actuarial liability of the aforesaid plans.

In my opinion, the statements accurately present the receipts and outlays of these plans for the fiscal year ended December 31, 1983, according to the accouting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, April 4, 1984

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
R.S.Q., c. R-10 and amendments

ACTUARIAL CERTIFICATE

Concerning commitments of:

THE TEACHERS PENSION PLAN
THE CIVIL SERVICE SUPERANNUATION PLAN
THE PENSION PLAN FOR MEMBERS OF THE SÛRETÉ DU QUÉBEC
THE PENSION PLAN FOR MEMBERS OF THE NATIONAL ASSEMBLY
THE PENSION PLAN FOR JUDGES AND CORONERS
THE RETIREMENT AND PENSION PLAN FOR JUDGES (1978)
THE PENSION PLAN FOR COMMISSIONERS OF THE COMMISSION DES VALEURS MOBILIÈRES DU QUÉBEC
THE RETIREMENT PROTECTION PLAN FOR CERTAIN TEACHERS

We certify that the actuarial reserve of the above plans, to which the first paragraph of Note 3 to the financial statements refers, is sufficient provision to cover contractual commitments with respect to current pension payments, pensions to become payable as well as funded benefits by participants who are still working.

Such obligations, arising from the actuarial valuation at December 31, 1981 amount to $9 640 785 000 on that date. In my opinion, those obligations are founded on reliable data and adequate assumptions that make use of methods wholly in agreement with established principles accepted by the profession.

Renaud LONGCHAMPS, F.S.A., F.I.C.A.
Actuarial service chief of the Commission

Pierre-Yves JULIEN, F.S.A., F.I.C.A.
Actuarial service of the Commission

Québec, February 9, 1984

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

RECEIPTS AND OUTLAYS

for the fiscal year ended December 31, 1983 for the following plans

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RECEIPTS

	Employees' contributions		Employers' contributions		Total Receipts (paid to the Consolidated Revenue Fund)	
	1983	1982	1983	1982	1983	1982
Teachers Pension Plan	$101 399 803	$99 302 846	$313 262	$406 484	$101 713 065	$99 709 330
Civil Service Superannuation Plan	46 186 489	46 835 513	22 525 525	26 802 042	68 712 014	73 637 555
Pension Plan for members of the Sûreté du Québec	11 634 949	10 711 200			11 634 949	10 711 200
Pension plan for Members of the National Assembly	550 719	532 001			550 719	532 001
Retirement and pension plan for judges (1978)	1 505 868	1 323 668			1 505 868	1 323 668
	$161 277 828	$158 705 228	$22 838 787	$27 208 526	$184 116 615	$185 913 754

OUTLAYS

	Pensions and life annuities paid		Contribution refunds and transfers		Total Outlays (paid from the Consolidated Revenue Fund)	
	1983	1982	1983	1982	1983	1982
Teachers Pension Plan	$172 842 698	$140 360 492	$3 057 411	$2 625 179	$175 900 109	$142 985 671
Civil Service Superannuation Plan	126 579 626	109 041 822	647 384	1 585 588	127 227 010	110 627 410
Pension plan for members of the Sûreté du Québec	8 126 918	6 633 054	108 475	93 226	8 235 393	6 726 280
Pension plan for Members of the National Assembly	3 699 964	3 295 556		12 547	3 699 964	3 308 103
Retirement and pension plan for judges (1978)	1 601 645	1 221 624			1 601 645	1 221 624
Pension plan for judges and coroners	2 426 467	2 303 086			2 426 467	2 303 086
Pension plan for commissioners of the Commission des valeurs mobilières du Québec	112 851	104 787			112 851	104 787
Retirement protection plan for certain teachers	1 526 011	1 197 225			1 526 011	1 197 225
Special pensions	80 107	73 315			80 107	73 315
	$316 996 287	$264 230 961	$3 813 270	$4 316 540	$320 809 557	$268 547 501

ON BEHALF OF THE COMMISSION

Louison ROSS
President

André CAUCHON
Director of financial and material resources

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

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1 — PENSION PLANS AND THEIR FUNDING

General

The Commission administrative des régimes de retraite et d'assurances is responsible for administering the following pension plans:

The Teachers Pension Plan
(R.S.Q., c. R-11 and amendments)
The Civil Service Superannuation Plan
(R.S.Q., c. R-12 and amendments)
The pension plan for members of the Sûreté du Québec
(R.S.Q., c. P-13)
The pension plan for Members of the National Assembly
(R.S.Q., c. L-1) and
(R.S.Q., c. C-52.1 and amendments)
the pension plan for judges and coroners
(R.S.Q., c. T-16 and amendments)
The retirement and pension plan for judges (1978)
(R.S.Q., c. T-16 and amendments)
the pension plan for commissioners of the Commission des valeurs mobilières du Québec
(R.S.Q., c. V-1)
The retirement protection plan for certain teachers
(Statutes of Québec, 1978, c. 16)
special pension plans (R.S.Q., c. P-32, Statutes of Québec, 1970, c. 6; 1978, c. 18 and Orders in Council 1967-71, 378-73)

Generally speaking, these are partially determined benefit plans and provide guaranteed payments on retirement or death.

Funding

The pension plan for judges and coroners and that of commissioners of the Commission des valeurs mobilières du Québec, as well as the retirement protection plan for certain teachers and the special plans are non-contributory. Contribution rates for the other pension plans mentioned above usually range between 7% and 10% of employees' pensionable earnings.

2 — ACCOUNTING POLICIES

Employees' contributions (including redemptions, transfers, interest, less overcontributions), are recorded on a cash basis, as are the contributions of other public employers (including interest). Amounts held by agents at December 31 and turned over to the Commission during the following fiscal year are not included in receipts for the current period. Pensions and life annuities, as well as contribution refunds or transfers and interest, are also recorded on the same basis.

In accordance with the Acts and Orders in Council governing the pension and retirement protection plans, receipts are turned over by the Commission to the Consolidated Revenue Fund, from which outlays are made as well.

3 — PLAN COMMITMENTS TOWARD PARTICIPANTS AND EMPLOYER OBLIGATIONS TOWARD THE PLANS

According to actuarial valuations based on population data at December 31, 1981, the Government's liability toward claimants under the plans covered by these statements amounted to $9 640 785 000 on that date.

The Commission's actuarial service estimates the actuarial liability of the plans at December 31, 1983 to be in the order of $12 225 433 000, which details as follows:

	($ THOUSANDS)
The Teachers Pension Plan	497 207
The Civil Service Superannuation Plan	3 621 095*
The pension plan for members of the Sûreté du Québec	900 532**
The pension plan for Members of the National Assembly	84 303
The pension plan for commissioners of the Commission des valeurs mobilières du Québec	
The pension plan for judges and coroners	
The retirement and pension plan for judges (1978)	88 528
The retirement protection plan for certain teachers	33 768
	12 225 433

* To December 31, 1983, $30 378 000 out of a total receivable of $196 476 000 at December 31, 1977 from certain agencies had been turned over to the Commission for payment to the Consolidated Revenue Fund for the cost of past service.

In addition, with the integration of Office des autoroutes du Québec operations at April 1, 1982, the Government assumes the pension liabilities of that agency toward the Civil Service Superannuation Plan. To that end, the amount receivable for the cost of past service was reduced by $9 554 600, with a corresponding debit to the Government's pension account.

The balance owed including interest will be paid in annual installments through the year 2000 at the latest.

** Does not include commitments of $27 656 000 for additional past service whose cost is the responsibility of plan participants.

In the opinion of the actuarial service, this estimate should be sufficient provision to cover commitments for total funded benefits to December 31, 1983, based on available information at the time these statements were prepared.

4 — OTHER INFORMATION

Under terms of agreed proposals, participants of certain pension plans made a commitment to redeem pension credits for past service.

Participants' commitments at the end of the fiscal year amount to about $210 700 toward the Teachers Pension Plan, $1 217 300 toward the Civil Service Superannuation Plan, $8 700 toward the pension plan for members of the Sûreté du Québec, $15 600 toward the pension plan for Members of the National Assembly and $1 564 700 toward the retirement and pension plan for judges (1978).

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

PENSION PLAN FOR MAYORS AND MUNICIPAL COUNCILLORS

R.S.Q., c. R-16 and amendments

AUDITOR'S REPORT

I have examined the statement of net disposable assets of the pension plan for mayors and municipal councillors at December 31, 1983 and the statement of change in net disposable assets for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the net disposable assets of the plan at December 31, 1983 as well as the change in net available assets for the fiscal year then ended, according to widely recognized accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, April 4, 1984.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

PENSION PLAN FOR MAYORS AND MUNICIPAL COUNCILLORS

R.S.Q., c. R-16 and amendments

NET DISPOSABLE ASSETS

as at December 31, 1983

	1983	1982
ASSETS		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 3)	$9 706 633	$7 661 312
Deposits with the Bureau général des dépôts of the ministère des Finances	16 690	15 325
Contributions receivable	105 137	104 598
	9 828 460	7 781 235
LIABILITIES		
Pensions and contribution refunds payable	8 054	33 626
NET DISPOSABLE ASSETS (Note 4)	$9 820 406	$7 747 609

ON BEHALF OF THE COMMISSION

Louison ROSS
President

André CAUCHON
Director of financial and material resources

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

PENSION PLAN FOR MAYORS AND MUNICIPAL COUNCILLORS

CHANGE IN NET DISPOSABLE ASSETS
for the fiscal year ended December 31, 1983

	1983		1982	
INCREASES				
Participants' contributions				
Contributions for current service	$460 816		$405 273	
Redemption and transfer of past service	69 823	$530 639	13 689	$418 962
Municipalities' contributions				
Contributions for current service	626 850		548 502	
Redemption and transfer of past service	141 740	768 590	19 075	567 577
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 5)		1 107 610		855 025
		2 406 839		1 841 564
DECREASES				
Pensions	151 051		79 975	
Contribution refunds and transfers, including interest	182 991	334 042	100 143	180 118
NET INCREASE FOR THE YEAR		2 072 797		1 661 446
NET DISPOSABLE ASSETS AT THE BEGINNING		7 747 609		6 086 163
NET DISPOSABLE ASSETS AT YEAR-END		$9 820 406		$7 747 609

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

PENSION PLAN FOR MAYORS AND MUNICIPAL COUNCILLORS

NOTES TO FINANCIAL STATEMENTS

at December 31, 1983

1 — THE PLAN AND ITS FUNDING

General

The pension plan for mayors and municipal councillors is an undefined benefit plan subject to the Act respecting retirement plans for the mayors and councillors of municipalities. The Act guarantees the payment of retirement and death benefits. It also provides for the refund of contributions and accrued interest under certain conditions.

The pension plan is open to members of a municipal council that votes a by-law to join the plan. A year of service is credited for each year of participation.

A plan participant contributes at the rate of 5.5% of pensionable earnings and may pay a supplementary contribution. The municipality contributes at the rate of 8% of a participant's remuneration.

2 — ACCOUNTING POLICIES

The financial statements of the pension plan for mayors and municipal councillors were prepared by management on the basis of widely recognized accounting principles. In the opinion of management, the statements were properly drawn up, given the framework and relative importance of accounting practice summarized as follows:

a) participation deposits in individual funds of the Caisse de dépôt et placement du Québec are recorded at cost;

b) participants' contributions held on December 31st by municipalities and the corresponding municipalities' share turned over to the Commission during the next fiscal year are recorded as contributions for the year.

3 — FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	1983	1982
Participation deposits in segregated funds*		$7 516 684
(realization value, 1982: $7 866 694) units		3 835
Participation deposits in an individual fund	$9 439 000	
(realization value, 1983: $10 047 428) units	9 439	
Demand deposits in the General Fund	$7 738	$66 015
Individual fund revenue receivable	$259 895	
Segregated fund revenue receivable		$78 613
	$9 706 633	$7 661 312

* The net assets at December 31, 1982 of each segregated fund were allocated by the Caisse de dépôt et placement du Québec as of January 1, 1983 among holders of participant deposits according to their share. Participation units in segregated funds were cancelled and replaced with individual fund units at a par value of $1 000.

4 — PLAN COMMITMENTS TOWARD PARTICIPANTS

Being an undefined benefit plan, commitments with respect to guaranteed payments to participants correspond to the plan's net disposable assets.

5 — REVENUE FROM FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	1983	1982
Participation deposits in segregated funds		$850 508
Participation deposits in an individual fund	$1 104 277	
Interest on demand deposits in the General Fund	3 333	4 517
	$1 107 610	$855 025

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

SPECIAL PENSION PLANS

AUDITOR'S REPORT

I have examined the statement of net disposable assets of the special pension plans at December 31, 1983 and the statement of change in net disposable assets for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances. I relied on the opinion of Commission actuaries as concerns the actuarial liability of the pension plan for employees at the Côte des Neiges hospital centre.

In my view, based on the audit and the opinion of the actuaries, these statements accurately present the net disposable assets of these plans at December 31, 1983 as well as the change in net disposable assets for the fiscal year then ended, according to widely recognized accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, April 4, 1984.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

SPECIAL PENSION PLANS

ACTUARIAL CERTIFICATE

concerning commitments of the pension plan for employees of the Côte des Neiges hospital centre

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We certify that the actuarial liabilities of the plan, to which the first paragraph of Note 4 to the financial statements refers, are a sufficient provision to cover contractual commitments with respect to current pension payments, pensions to become payable as well as funded benefits earned by participants who are still working.

Such commitments, arising from the actuarial valuation at December 31, 1980 amount to $9 691 000 on that date. In our opinion, those commitments are founded on reliable data and adequate assumptions that make use of methods wholly in agreement with established principles accepted by the profession.

Renaud LONGCHAMPS, F.S.A., F.I.C.A.
Actuarial service chief of the Commission

Pierre-Yves JULIEN, F.S.A., F.I.C.A.
Actuarial service of the Commission

Québec, February 28, 1984.

SPECIAL PENSION PLANS (Note 5)

NET DISPOSABLE ASSETS
as at December 31, 1983

	1983	1982
ASSETS		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 3)	$16 144 455	$12 064 022
Deposits with the Bureau général des dépôts of the ministère des Finances	7 732	4 430
Contributions receivable	798 469	2 508 690
Funds of a pension plan in process of transfer	318 438	318 438
	17 269 094	14 895 580
LIABILITIES		
Pensions, contribution refunds and interest payable	8 858	3 565
Overcontributions to refund		12
	8 858	3 577
NET DISPOSABLE ASSETS (Note 4)	$17 260 236	$14 892 003

The accompanying notes are an integral part of the financial statements.

Louison ROSS
President

André CAUCHON
Director of financial and
material resources

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

SPECIAL PENSION PLANS

CHANGE IN NET DISPOSABLE ASSETS
for the fiscal year ended December 31, 1983

	1983		1982	
INCREASES				
Participants' contributions				
Contributions for current service	$307 206		$357 103	
Redemption and transfer of past services, including interest	15 444	$322 650	45 730	$402 833
Agencies' contributions				
Contributions for current service	476 772		462 561	
Redemption and transfer of past services, including interest	20 770	497 542	442 171	904 732
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 6)		1 742 203		1 324 351
		2 562 395		2 631 916
DECREASES				
Pensions	167 273		98 170	
Contribution refunds including interest			8 218	
Contribution refunds and transfers including interest	26 889	194 162	117 481	223 869
NET INCREASE FOR THE YEAR		2 368 233		2 408 047
NET DISPOSABLE ASSETS AT THE BEGINNING		14 892 003		12 483 956
NET DISPOSABLE ASSETS AT YEAR-END		$17 260 236		$14 892 003

SPECIAL PENSION PLANS

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

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1 — SPECIAL PENSION PLANS

The particular pension plans listed in Note 5 were established by the Government. Management of the plans has been conferred on the Commission administrative des régimes de retraite et d'assurances under the Act respecting the Government and Public Employees Retirement Plan. The pension plan for employees of the Côte des Neiges hospital centre, the pension plan for former employees of the city of Montréal-Nord and the pension plan for former employees of the city of Saint-Laurent are partly defined benefit plans while the others are of the defined benefit type.

2 — ACCOUNTING POLICIES

The financial statements of the special pension plans were prepared by management on the basis of generally recognized accounting principles. In the opinion of management, the statements were properly drawn up, given the framework and relative importance of accounting practice summarized as follows:

a) participation deposits in an individual fund of the Caisse de dépôt et placement du Québec are recorded at cost;

b) employee contributions held on December 31st by agents and turned over to the Commission during the next fiscal year are recorded as contributions for the year.

3 — FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	1983	1982
Participation deposits in segregated funds* (realization value, 1982: $12 273 509)		$11 772 676
units,		6 015
Participation deposits in an individual fund (realization value, 1983: $16 557 673)	$15 664 000	
units	15 664	
Demand deposits in the General Fund	$32 032	$167 440
Individual fund revenue receivable	$448 423	
Segregated fund revenue receivable		$123 906
	$16 144 455	$12 064 022

* The net assets at December 31, 1982 of each segregated fund were allocated by the Caisse de dépôt et placement du Québec as of January 1, 1983 among holders participation deposits according to their share. Participation units in segregated funds were cancelled and replaced with individual fund units at a par value of $1 000.

4 — PLAN COMMITMENTS TOWARD PARTICIPANTS

An actuarial valuation of the pension plan for employees of the Côte des Neiges hospital centre was carried out by the Commission's actuarial service on the basis of population data at December 31, 1980. The valuation established actuarial commitments of that plan at $9 691 000 on that date, calculated according to the "level premium capitalization" method.

The service also estimated actuarial liabilities of the plan at December 31, 1983 to be $15 842 423.

In the opinion of the actuarial service, the estimate should be sufficient to cover all commitments with respect to pension liabilities at December 31, 1983, based on facts known at the time the financial statements were prepared.

5 — NET DISPOSABLE ASSETS OF SPECIAL PENSION PLANS AT DECEMBER 31:

	1983	1982
Pension plan for the president of the Société d'aménagement de l'Outaouais (O.C. 2660-76)	$111 982	$92 241
Pension plan for the chairman of the Conseil de la Communauté régionale de l'Outaouais (O.C. 2661-76)	143 194	119 437
Pension plan for the chairman and managing director of the Commission de transport de la Communauté régionale de l'Outaouais (O.C. 2662-76)	235 743	204 147
Pension plan for the chairman and managing director of the Commission de transport de la Rive-Sud de Montréal (O.C. 3863-76)	40 801	36 078
Pension plan for the chairman and managing director of the Commission de transport de la Ville de Laval (O.C. 4104-76)	62 849	62 511
Pension plan for the chairman of the Comité exécutif de la Communauté urbaine de Québec (O.C. 2-77)	116 465	105 509
Pension plan for employees of the Côte des Neiges hospital centre (O.C. 397-78, 2497-81)	15 842 423	13 658 843
Pension plan for former employees of the city of Montréal-Nord (O.C. 664-81)	381 745	357 053
Pension plan for former employees of the city of Saint-Laurent (O.C. 842-82)	325 034	256 184
	$17 260 236	$14 892 003

6 — REVENUE FROM FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	1983	1982
Revenue from participation deposits in segregated funds		$1 306 945
Revenue from participation deposits in an individual fund	$1 730 805	
Interest on demand deposits in the General Fund	11 398	17 406
	$1 742 203	$1 324 351

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

BASIC LIFE INSURANCE PLAN FOR GOVERNMENT, PUBLIC AND PARA-PUBLIC EMPLOYEES

SUPPLEMENTARY LIFE INSURANCE PLAN FOR EMPLOYEES AND PENSIONERS OF THE COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

AUDITOR'S REPORT

I have examined the statement of receipts and outlays of the basic life insurance plan for Government employees and those of the public and para-public sector, as well as that of the supplementary life insurance plan for employees and pensioners of the Commission de la santé et de la sécurité du travail for the fiscal year ended December 31, 1983. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the receipts and outlays of the insurance plans for the fiscal year ended December 31, 1983, according to the accounting policy in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, March 23, 1984.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

BASIC LIFE INSURANCE PLAN FOR GOVERNMENT, PUBLIC AND PARA-PUBLIC EMPLOYEES

SUPPLEMENTARY LIFE INSURANCE PLAN FOR EMPLOYEES AND PENSIONERS OF THE COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

RECEIPTS

for the fiscal year ended December 31, 1983

	1983	1982
RECEIPTS		
Contributions and premiums paid to the Consolidated Revenue Fund:		
Basic plan — employer premiums	$105 904	$106 652
Supplementary plan — employee premiums	70 905	85 513
	$176 809	$192 165
OUTLAYS		
Benefits paid from the Consolidated Revenue Fund:		
Basic plan	$3 930 251	$4 696 349
Supplementary plan	103 200	71 200
	$4 033 451	$4 767 549

ON BEHALF OF THE COMMISSION

Louison ROSS
President

André CAUCHON
Director of financial and
material resources

NOTES TO FINANCIAL STATEMENTS

at December 31, 1983

1 — THE INSURANCE PLANS

The basic life insurance plan for Government employees and those of the public and para-public sector provides for the payment of death benefits, under certain conditions.

The supplementary life insurance plan applies only to certain employees and pensioners of the Commission de la santé et de la sécurité du travail.

2 — ACCOUNTING POLICY

Both plans use the cash basis of accounting.

3 — DEATH BENEFITS PAYABLE AT DECEMBER 31, 1983

Death benefits payable at December 31, 1983 amount to approximately $1 487 000 ($1 363 000 at December 31, 1982) under the basic life insurance plan and $19 000 ($9 000 at December 31, 1982) in the case of the supplementary life insurance plan.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

TRUST FUND CONCERNING THE GROUP INSURANCE PLAN FOR MEMBERS OF THE SYNDICAT DES FONCTIONNAIRES PROVINCIAUX DU QUÉBEC

AUDITOR'S REPORT

I have examined the statement of trust fund movements relating to the group insurance plan for members of the Syndicat des fonctionnaires provinciaux du Québec for the fiscal year ended December 31, 1983. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial movements of this trust fund for the fiscal year ended December 31, 1983.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, March 23, 1984.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

TRUST FUND CONCERNING THE GROUP INSURANCE PLAN FOR MEMBERS OF THE SYNDICAT DES FONCTIONNAIRES PROVINCIAUX DU QUÉBEC

FINANCIAL MOVEMENTS

for the fiscal year ended December 31, 1983

	1983	1982
CASH AT THE BEGINNING	$219 386	$265 775
Interest collected	18 632	34 581
	238 018	300 356
Outlay to the Mutuelle des Services de santé du Québec		80 970
CASH AT YEAR-END	$238 018	$219 386

ON BEHALF OF THE COMMISSION

Louison ROSS
President

André CAUCHON
Director of financial and
material resources

NOTE TO THE FINANCIAL STATEMENT

at December 31, 1983

CONSTITUTION AND PURPOSE

The trust fund concerning the group insurance plan was created by the Government following settlement of a grievance filed by the Syndicat des fonctionnaires provinciaux du Québec seeking to uphold the Government's required contribution to the health insurance plan provided for under the terms of the 1968-1971 collective agreement, following the coming into force of the Health Insurance Act.

The fund and the revenue it earns are used, with the agreement of the Syndicat and the Commission, toward premium rebates or the purchase of additional group insurance for the benefit of civil servants and other employees who are members of this union.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

COST OF PENSIONS TO PUBLIC AND PARA-PUBLIC EXECUTIVE EMPLOYEES' SURVIVORS

AUDITOR'S REPORT

I have examined the statement of the cost of pensions to public and para-public executive employees' surviving family members for the fiscal year ended December 31, 1983. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the financial statement accurately presents the cost of pensions to those employees' survivors for the fiscal year ended December 31, 1983 according to the accounting policy in Note 1, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, March 27, 1984.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

COST OF PENSIONS TO PUBLIC AND PARA-PUBLIC EXECUTIVE EMPLOYEES' SURVIVORS

for the fiscal year ended December 31, 1983

	1983	1982
Net cost of premiums (Note 2)		
Premiums	$9 855 326	$11 356 729
Rebates	(1 653 414)	(794 980)
	8 201 912	10 561 749
Less:		
Employer premiums	340 105	288 468
COST OF SURVIVORS' PENSIONS ASSUMED BY THE GOVERNMENT	$7 861 807	$10 273 281

ON BEHALF OF THE COMMISSION

Louison ROSS
President

André CAUCHON
Director of financial and
material resources

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

1 — ACCOUNTING POLICY

The cost of pensions to surviving family members of executive employees in the public and para-public sector is recorded on a cash basis.

2 — COST OF SURVIVORS' PENSIONS

Since January 1, 1978, the Government has been paying the premiums for pensions to surviving family members of executive employees in the public and para-public sector. Premiums are mainly set on the basis of the current value of pensions to be paid and related administrative charges.

During the fiscal year ended December 31, 1983, premiums in the amount of $2 596 314 were paid from the Consolidated Revenue Fund and the balance of $7 259 012 from the surplus accumulated in the plan managed by the insurer.

Premiums for survivor's pensions owed to the insurer at December 31, 1983 and not entered on the books are estimated to be about $2 526 595 ($1 266 483 at December 31, 1982) and rebates receivable for 1983 amounted to approximately $2 000 000 at year-end.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

ADMINISTRATIVE EXPENDITURE

AUDITOR'S REPORT

I have examined the statement of administrative expenditure of the Commission administrative des régimes de retraite et d'assurances for the fiscal year ended December 31, 1983. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the administrative expenses of the Commission for the fiscal year ended December 31, 1983, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, March 23, 1984.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

R.S.Q., c. R-10 and amendments

ADMINISTRATIVE EXPENDITURE

for the fiscal year ended December 31, 1983

	1983	1982
Wages, salaries, allowances and other remuneration	$9 198 964	$9 481 608
Transportation and communications	247 434	223 518
Professional, administrative and other services	468 302	207 042
Maintenance and repair	19 573	16 109
Rent	106 960	126 032
Supplies and furnishings	184 796	161 588
Equipment	35 345	13 863
Interest on amounts owed pensioners and other expenses	798 925	411 301
EXPENDITURE ASSUMED BY THE GOVERNMENT	$11 060 299	$10 641 061

ON BEHALF OF THE COMMISSION

Louison ROSS
President

André CAUCHON
Director of financial and
material resources

NOTES TO THE FINANCIAL STATEMENT

at December 31, 1983

1 — PURPOSE

The Commission administrative des régimes de retraite et d'assurances has the responsibility of administering the Government and Public Employees Retirement Plan and any other pension or insurance plan whose management is assigned to the Commission by an Act or by the Government. The Government assumes the Commission's administrative expenses.

2 — ACCOUNTING POLICIES

The statement of administrative expenditure was prepared on the basis of accounting practice in use by the Government.

The cost of fringe benefits to Commission employees, as well as that of support services such as telephone, office space and data processing, is paid out of departmental appropriations and not shown on the financial statement.

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

R.S.Q., c. S-2.1

AUDITOR'S REPORT

I have examined the balance sheet of the Commission de la santé et de la sécurité du travail at December 31, 1983 and the statement of revenue, expenditure and unfunded debt for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

Unrecorded actuarial liability

As stated in the actuarial certificate and in Note 10(a) concerning accounting practice with respect to the policy reserve of the Accident Fund, no liability was charged against the Accident Fund for future costs relating to programs for evaluating inability to return to work, for temporary rehabilitation indemnities for employment search, for training or psychosocial treatment and for economic or social stabilization. This unrecorded actuarial liability for accidents occurring prior to December 31, 1983 has been evaluated at $256 400 000 on that date by Jean-Louis Gauvin, consulting actuary to the Commission. It is based on current compensation practices and legislation in force at the time of my report. The policy reserve of the Accident Fund should be increased by that amount and the unfunded debt correspondingly, to a level of $1 123 092 000; in this respect, the balance sheet has not been drawn up in accordance with proper accounting practice.

New funding method

As Note 15 indicates, the Commission adopted a new method of financing during fiscal 1983 which came into effect on January 1, 1984. Under this method, the amount of $866 692 000 recorded at December 31, 1983 as unfunded debt or Accident Fund deficit will not be recovered through employer assessments. Of the amount, $780 124 000 has never been recorded as expenditure.

In addition, under the new funding method, the deficit for the next nine years resulting from the partial funding of the annual cost of occupational injuries will not be recovered through employer assessments.

The effect of both these factors and the unrecorded actuarial liability for future outlays is to increase the unfunded debt at December 31, 1983 in a substantial way over the coming years, more particularly until 1993. The new funding method will have the further consequence of burdening employers with sizeable future payments for accidents that occurred in the past.

Opinion

In my view, based on the audit and the statement of the actuaries responsible for evaluating Accident Fund liabilities toward claimants and taking into consideration the fact that no specific amount has been entered as liability for the future costs of programs to which the paragraph above and the actuarial certificate refers, these statements accurately present the financial situation of the Commission at December 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year, except for the change in the recording of deferred costs at December 31, 1983 and the establishment of the Accident Fund reserve at that date, to which Note 3 refers.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, June 5, 1984.

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

R.S.Q., c. S-2.1

ACTUARIAL CERTIFICATE

concerning commitments of the Accident Fund and the Special Disaster Fund of the Commission de la santé et de la sécurité du travail at December 31, 1983

We, the undersigned, declare that the amount of $2 853 667 000 as the adjusted policy reserve of the Accident Fund and $5 276 000 as policy reserve of the Special Disaster Fund must be considered sufficient from an actuarial standpoint to cover obligations arising from section 81 of the Workmen's Compensation Act, subject to the remarks below.

Following a decision by the Commission, no liability was recorded in the Accident Fund for future costs relating to programs for evaluating inability to return to work, for temporary rehabilitation indemnities for employment search, for training or psychosocial treatment and for economic or social stabilization; costs acknowledged from year to year are added to the policy reserve of the Accident Fund.

Commitments of the Accident Fund are tributary to factors which can only be assessed in the long term, such as the indexing rate on pensions paid, the probability of reactivating files or the frequency and cost of future health care for past accidents. The experience of a single year cannot lead to conclusions about long-term operational trends since it is subject to changes not necessarily representative of the longer term situation.

The policy reserve of the Accident Fund is composed of the previous year's balance increased by the provision for the current fiscal year for the cost of accidents, interest charges as well as the increase in the cost of accidents deferred to later years, less compensation paid. As for the theoretical reserve of the Accident Fund, it is a long-term estimate based on the situation experienced with respect to the Fund's commitments at the end of 1983.

At December 31, 1983, the policy reserve and the theoretical reserve of the Accident Fund are composed of the following items:

	Theoretical Reserve	Policy Reserve
	($ THOUSANDS)	
Capitalized value of pensions	1 746 401	1 612 203
Provision for claims currently under settlement or not filed	1 062 497	998 041
Total	2 808 898	2 610 244

In calculating the theoretical reserve, the provision for claims under settlement or not filed, except for medical assistance, was derived using a method different from the one in effect since 1976. The goal of the change in methodology is a more detailed analysis of the inevitable spread between projected and actual outlays. The liability resulting from use of the new methodology amounts to $2 790 867 000, or $18 031 000 less than that established with the former method.

The policy reserve of the Accident Fund recorded on the books at December 31, 1983 was adjusted by the difference between the policy and theoretical reserve as a result of the aforementioned change; this adjustment in the amount of $180 623 000 was carried out to give effect to the funding review of June 1983, under whose terms the Commission deficit at December 31, 1983 will not be recovered through subsequent assessments.

A liability in the amount of $62 800 000 was charged against the Accident Fund at December 31, 1983 for the future costs of the program to evaluate inability to return to work, reflecting a Commission decision. The adjusted policy reserve amounts to $2 853 667 000 at December 31, 1983; this reserve, included in the Accident Fund reserves on the balance sheet, details as follows:

	Adjusted Policy Reserve
	($ THOUSANDS)
Capitalized value of pensions	1 746 401
Provision for claims under settlement or not filed	1 044 466
Provision for the future cost of the program to evaluate inability to return to work	62 800
Total	2 853 667

The reserve of the Special Disaster Fund is composed of the prior year's balance increased by a percentage of the cost of accidents and reduced by the cost of accident claims deemed excessive against certain employers. The purpose of the reserve is to provide a degree of stabilization to operations and, concomitantly, to premium rates.

The amount of $2 892 121 000 shown as a liability toward claimants includes, in addition to previous liabilities, a reserve of $33 178 000 for the capital refund program (s. 28.1).

We state that in our opinion, subject to the financial practices used by the Commission and the information we obtained from it, this certificate is founded on appropriate assumptions and based on sound actuarial principles.

Jean-L. GAUVIN, F.S.A., F.I.C.A.
Robert LANGLOIS, F.S.A., F.I.C.A.

June 4, 1984

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

R.S.Q., c. S-2.1

BALANCE SHEET
as at December 31, 1983
($ THOUSANDS)

	1983	1982 (Note 16)
ASSETS		
Cash and short-term deposits	41 773	121 423
Premiums and other accounts receivable (Note 4)	110 348	76 961
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 5)	1 865 153	1 649 980
Selling price balance (Note 6)	19 248	19 628
Fixed assets (Note 7)	23 251	20 477
Systems development (Note 8)	15 146	9 372
Deferred charges (Note 9)		451 600
	2 074 919	2 349 441
LIABILITIES		
Accounts payable and accrued charges	10 127	12 543
Premiums collected in advance	13 679	9 093
Balance owed on equipment acquisition	5 066	966
Deposits by employers held liable for benefit payments and administrative expenses	20 618	13 959
Accident Fund reserves (Note 10)	2 892 121	2 352 441
	2 941 611	2 389 002
DEFICIT		39 561
UNFUNDED DEBT	866 692	
	2 074 919	2 349 441

ON BEHALF OF THE COMMISSION

Robert SAUVÉ
Paul É. BOUCHER

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

UNFUNDED DEBT

for the fiscal year ended December 31, 1983

($ THOUSANDS)

	1983	1982
DEFICIT (SURPLUS) AT THE BEGINNING	39 561	(18 248)
Surplus expenditure over revenue for the year	47 007	57 809
	86 568	39 561
Adjustments at December 31, 1983:		
Deferred charges written off (Note 9)	599 501	
Recording of the spread between policy and theoretical reserve (Note 10 (a))	180 623	
DEFICIT AT DECEMBER 31, 1982		39 561
UNFUNDED DEBT AT DECEMBER 31, 1983	866 692	

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1983

($ THOUSANDS)

	1983	1982 (Note 16)
REVENUE		
Employer premiums	709 561	667 405
Investment earnings	186 448	191 079
Interest on premiums and other revenue	25 138	29 412
	921 147	887 896
EXPENDITURE		
Compensation programs		
Accident costs for the year		
Medical aid	96 445	91 232
Temporary disability	276 820	282 143
Permanent disability	199 966	187 832
Death	23 017	22 901
	596 248	584 108
Less: share charged to the Special Disaster Fund reserve	5 036	1 861
	591 212	582 247
Interest income capitalized to the Accident Fund reserves	213 585	215 416
Increase in the Speical Disaster Fund reserve	3 548	3 172
Amortization of deferred charges	4 922	4 557
	813 267	805 392
Prevention	38 158	30 002
Administrative expenses (Note 11)	88 402	94 888
Bad debts	23 404	10 500
Contributions to the Civil Service Superannuation Plan for past service (Note 12)	4 923	4 923
	968 154	945 705
SURPLUS EXPENDITURE OVER REVENUE FOR THE YEAR	47 007	57 809

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

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1 — CONSTITUTION, ACTIVITY AND FINANCING

A corporation within the meaning of the Civil Code, the Commission de la santé et de la sécurité du travail was founded on March 13, 1980. Under its implementation of the Act respecting occupational health and safety, it is responsible for with developing and applying policies related to occupational health and safety so as to ensure a better quality of life in the workplace. The Commission collects premiums from employers to ensure application of the Act, except for its inspection costs which are reimbursed by the Government.

Within the framework of administering the Workmen's Compensation Act and the Act respecting indemnities for victims of asbestosis and silicosis in mines and quarries, the Commission has responsibility for operating an accident fund financed through employer premiums, which should be sufficient to cover benefit payments and current administrative expenses as well as maintaining a reserve fund to cover the payment of benefits resulting from future accident claims.

In the context of administering the Crime Victims Compensation Act and the Act to promote good citizenship, the Commission also has the responsibility of paying compensation or other benefits to claimants. Funding for the implementation and administration of the Acts is provided by the Government.

2 — ACCOUNTING POLICIES

The Commission's financial statements were prepared according to the accrual method, within the framework of accounting practice summarized as follows:

a) Employer premiums

Revenue from premiums is based on estimated wages and salaries paid by employers, to which a rate the Commission sets is applied. At year-end, such revenue is adjusted to take into account the expected variation between estimated and actual wages and salaries paid.

b) Funds entrusted to the Caisse de dépôt et placement du Québec

Individual Fund participation deposits are recorded on the basis of adjusted value, that is, their cost and corresponding amortization over a ten-year period, any capital gain or loss on the sale of securities and the difference between the realization value of investments in shares and their book value. Annual amortization is posted to operations for the year.

Bonds in the portfolio managed by the Caisse de dépôt et placement du Québec are recorded at amortized cost on the basis of yield.

c) Fixed assets

Fixed assets are shown at their cost price; depreciation on them is charged according to the straight-line method on the basis of estimated useful life at the following annual rates:

Buildings	$2^1/_2$ %
Furnishings and equipment	$6^1/_4$ %
Rolling-stock	25 %
Computer equipment	20 %
Telecommunications system	20 %

Leasehold improvements — over the length of the lease.

d) Systems development costs

The cost of developing data processing systems is amortized on a straight-line basis over a period of five years once in operation.

e) Deferred charges

That part of charges resulting from a 1975 change in the valuation basis of the policy reserve for the Accident Fund and 1979 changes to the capitalization of certain annuities and to the review of actuarial assumptions which are deferred to later fiscal years has been, until the end of this fiscal year, amortized using the annuity method at an 8% rate over a period of 30 years.

The other portion of deferred charges related to programs for evaluating inability to resume work and attendant interest in not amortized. Those deferred charges include the capitalized value and future cost of pensions under the programs. Also included are outlays relative to programs providing temporary rehabilitation indemnities for employment search, for training or psychosocial treatment and for economic or social stabilization, but do not include the future cost of such programs.

f) Liabilities toward claimants — Accident Fund

Available reserve of the Accident Fund

The policy reserve of the Accident Fund includes a provision for claims under settlement or not filed, on the one hand, and the capitalized value of pensions on the other.

No liability for the future cost of programs providing temporary rehabilitation indemnities for employment search, for training or psychosocial treatment and for economic or social stabilization has been posted to the reserve.

Capital remittance reserve

As of 1981, the Commission offers claimants receiving monthly pensions under a certain amount whose payments began prior to January 1, 1979 to option of a partial capital remittance. The difference between capital so remitted and that already capitalized to the Accident Fund policy reserve is posted to the reserve for this program.

This special reserve serves to cover administrative expenses relative to refund operations as well as funding rehabilitation programs the Commission offers claimants who cannot take advantage of a capital refund but who can be brought back into the work force.

Special Disaster Fund reserve

With the objective of freeing certain types of employers from the prohibitive cost of accidents, a portion of such costs above a maximum set by the Commission is charged to the reserve for the Special Disaster Fund.

g) Accident costs for the year

These costs are determined on actuarial bases and represent the current value of outlays for accidents which occurred during the year covered by the financial statements. They do not include the cost of programs for evaluating inability to return to work.

h) Claims against third parties

When claim payments are collected from third parties found liable for work accidents, they are posted to the policy reserve against outlays.

3 — ACCOUNTING CHANGE

Following a Commission decision, the future costs of evaluating inability to return to work are now posted to the policy reserve. This change was not applied retroactively; the reserve and deferred charges have been increased by $82 800 000.

In addition, under the new funding method coming into effect January 1, 1984, the Commission decided not to recover unassessed costs at December 31, 1983. Therefore, the $599 501 000 in deferred charges at that date, which includes the costs mentioned in the foregoing paragraph, were written off and transferred to the unfunded debt account.

The accounting changes had no impact on operating results for the fiscal year.

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

4 — PREMIUMS AND OTHER ACCOUNTS RECEIVABLE

	1983	1982
	($ THOUSANDS)	($ THOUSANDS) (Note 16)
Premiums receivable	72 100	82 453
Estimated accrued premium revenue	38 085	
Receivable from the Government for inspection and prevention	5 863	1 177
Other receivables	15 500	10 331
	131 548	93 961
Less: Allowance for bad debts	21 200	17 000
	110 348	76 961

6 — SELLING PRICE BALANCE

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Secured by first mortgage at $7^{1}/_{2}$ %; Payable in annual installments of $403 085 maturing December 31,1998	3 527	3 651
Secured by transfer of a Government subsidy receivable: Payable in annual installments of $1 454 705, maturing December 31, 2006; bearing a rate of $7^{1}/_{2}$ % interest	15 721	15 977
	19 248	19 628

5 — FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC*

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Individual Fund deposits		
Participation deposits at adjusted value (realization value, 1983: $1 783 808; 1928: $1 408 766, units, 1983: 1 728 905; 1982: 1 437 587)	1 747 468	1 447 856
General Fund deposits**		
Participation deposits		53 796
Demand deposits	2 184	3 628
Portfolio under management		
Bonds at amortized cost (realization value, 1983: $63 190; 1982: $95 730; par value, 1983: $75 245; 1982: $114 097)	74 007	112 234
Revenue, accrued and receivable	41 494	32 466
	1 865 153	1 649 980

* Term deposits with the Caisse de dépôt et placement du Québec are posted to the item Cash and short-term deposits (1983: $10 million; 1982: $45 million).

** Participation deposits in the General Fund were withdrawn during 1983 and deposited in an individual fund.

7 — FIXED ASSETS

	1983			1982
	Cost	Accumulated Depreciation	Net	Net
	($ THOUSANDS)	($ THOUSANDS)	($ THOUSANDS)	($ THOUSANDS)
Land	719		719	719
Buildings	9 214	2 529	6 685	6 432
Furnishings and equipment	12 175	3 133	9 042	9 313
Rolling-stock	329	238	91	169
Leasehold improvements	1 211	696	515	511
Computer equipment	7 615	1 801	5 814	3 304
Telecommunications systems	490	105	385	29
	31 753	8 502	23 251	20 477

8 — SYSTEMS DEVELOPMENT

	1983			1982
	Cost	Accumulated Depreciation	Net	Net
	($ THOUSANDS)	($ THOUSANDS)	($ THOUSANDS)	($ THOUSANDS)
Computer systems development	21 861	6 715	15 146	9 372

NOTES TO FINANCIAL STATEMENTS (cont'd)

at December 31, 1983

9 — DEFERRED CHARGES

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Change in 1975 to the evaluation base of the Accident Fund policy reserve	304 260	304 260
Changes made in 1979 to the capitalized value of certain pensions and the review of actuarial assumptions	20 179	20 179
	324 439	324 439
Accumulated amortization	(29 709)	(24 787)
	294 730	299 652
Cost of programs related to inability to return to work		
— Outlays and capitalized value of pensions awarded		
1981	62 610	62 610
1982	78 938	78 938
1983	72 100	
	213 648	141 548
— Permanent disability pensions to be determined after December 31, 1983 for prior accidents	62 800	
	276 448	141 548
Accumulated amortization	(856)	(856)
	275 592	140 692
Interest on deferred charges for programs related to inability to return to work		
1982	11 255	11 256
1983	17 924	
	304 771	151 948
	599 501*	451 600

* The unamortized balance of deferred charges at December 31, 1983 was transferred to the unfunded debt account.

10 — ACCIDENT FUND RESERVES

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Policy reserve	2 853 667	2 333 570
Capital remittance reserve	33 178	12 107
Special Disaster Fund reserve	5 276	6 764
	2 892 121	2 352 441

a) Continuity of the Accident Fund policy reserve

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Balance at the beginning	2 333 570	2 026 009
Accident costs:		
Charged to the year's operations	591 212	582 247
Transferred to deferred charges		
— Outlays and capitalized value of pensions awarded	72 100	78 938
— Permanent disability pensions to be determined after December 31, 1983 for prior accidents	62 800	
	726 112	661 185
Capitalized interest:		
Charged to the year's operations	211 772	214 817
Transferred to deferred charges	17 924	11 256
	229 696	226 073
Net outlays for the year	(596 469)	(567 790)
Paid-up capital transferred to the capital remittance reserve	(19 865)	(11 907)
Adjustment December 31, 1983:		
Posting of the spread between the policy reserve on the books and the theoretical reserve	180 623	
Balance at year-end	2 853 667*	2 333 570

* The policy reserve was adjusted at December 31, 1983 so as to include a liability of $180 623 000 to cover the spread between the policy reserve and the theoretical reserve.

The policy reserve does not however include any liability for the future cost of programs related to temporary rehabilitation indemnities for job search, for training or for psychosocial treatment and economic or social stabilization. Assuming such programs were maintained, estimates of their future costs may vary significantly, considering legislative measures which may be taken shortly.

The Commission considers it justified and prudent not to record any liability on the books with respect to those programs since it cannot forecast the details of transitional legislative measures.

b) Continuity of the capital remittance reserve

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Balance at the beginning	12 107	267
Transferred from the policy reserve	19 865	11 907
Capitalized interest	1 813	598
	21 678	12 505
Economic and social stabilization programs	(78)	(63)
Administrative expenses	(529)	(602)
	(607)	(665)
Balance at year-end	33 178	12 107

c) Continuity of the Special Disaster Fund reserve

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Balance at the beginning	6 764	5 453
Charged to operations for increasing the reserve	3 548	3 172
Assigned to reduce the cost of accidents	(5 036)	(1 861)
Balance at year-end	5 276	6 764

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

11 — ADMINISTRATIVE EXPENSES

	1983	1982
	($ THOUSANDS)	($ THOUSANDS) (Note 16)
Wages, salaries and fringe benefits	80 181	83 805
Training and upgrading	252	385
Travel	3 880	4 023
Public relations	1 091	1 122
Telephone, telegram, courier and postal service	5 111	5 098
Computer leasing and service	10 725	8 437
Leasing and service contracts — other	5 895	7 464
Maintenance and repair — fixed assets	3 651	2 860
Space rental	6 778	7 506
Printing, stationery and supplies	2 194	2 682
Insurance	57	55
Collection charges	130	226
Investigative and legal fees	271	160
Other fees	285	252
Depreciation — fixed assets	2 340	2 029
Amortization — systems development	4 372	2 343
	127 213	128 449
Less:		
Deferred charges — systems development	10 146	11 715
Recovered — health snack bar	138	125
	116 929	116 609
Assigned charges:		
Gouvernement du Québec inspection costs	22 886	17 577
administering the Crime Victims Compensation Act and the Act to promote good citizenship	1 569	1 706
Employers held liable for benefit payments and administrative expenses	3 211	1 529
Capital remittance reserve	529	602
Other	332	307
	28 527	21 721
	88 402	94 888

12 — PENSION PLAN

An actuarial valuation of liabilities at December 31, 1975 for past service established the amount to be $49 787 000. The Commission is to make 23 annual installment payments of $4 923 000 beginning December 31, 1978 for reimbursement of all capital and interest. The balance at December 31, 1983 of this liability, not shown on the books, comes to $45 307 700.

13 — SPACE RENTAL

The Commission is committed at December 31, 1983 under the terms of leases for a total of $18 261 000 (1982: $25 400 000), with installments over the next twelve months amounting to $5 921 000. The leases extend over a period of from one to ten years with options to renew at term. A clause provides for a review of rental charges in the event of increased operating costs or taxes.

14 — BILL TABLED

Bill 42, "*An Act respecting industrial accidents and occupational diseases*", was tabled in the fall of 1983 for study by the National Assembly.

The Bill aims at establishing a new plan for compensating occupational injuries to replace the ones under the Act respecting occupational health and safety and the Act respecting indemnities for victims of asbestosis and silicosis in mines and quarries. The bill confers responsibility for administering the new plan to the Commission.

15 — REVISED FUNDING

A new funding method the Commission adopted in 1983 comes into effect on January 1, 1984. Under this new funding:

- — premiums will include a provision for a share of the projected cost of occupational injuries sustained during the year covered by the premium and for total allocations by the Commission for prevention and administrative expenditures. The share of the cost of injuries will be 90% from 1984 through 1988, climbing at a rate of 2% yearly to reach 100% by 1993, remaining at that level thereafter;
- — the premium rate cannot be increased to amortize unfunded debt relating to occupational injuries sustained before January 1, 1984 nor that resulting from the application of the foregoing paragraph.

16 — COMPARATIVE FIGURES

Certain 1982 data were reclassified for purposes of the 1983 presentation.

COMMISSION DES NORMES DU TRAVAIL

R.S.Q., c. N-1.1 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Commission des normes du travail at March 31, 1984 and the statement of revenue, expenditure and surplus for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Commission at March 31, 1984 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, May 17, 1984.

COMMISSION DES NORMES DU TRAVAIL

R.S.Q., c. N-1.1 and amendments

BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
Cash	$500 519	$137 285
Term deposits	38 500 000	30 350 000
Levies receivable from employers	601 642	739 289
Other accounts receivable	87 642	54 311
Accrued interest	829 402	411 876
Bond investments (Note 3)	2 018 478	2 526 597
Fixed assets (Note 4)	1 312 992	785 782
Equipment under capital lease (Note 5)	266 754	517 330
	$44 117 429	$35 522 470
LIABILITIES		
Accounts payable and accrued charges	$1 091 169	1 015 038
Claims collected for remittance to employees	105 291	282 172
Commitments under a capital lease contract (Note 6)	178 260	524 910
	1 374 720	1 822 120
SURPLUS	42 742 709	33 700 350
	$44 117 429	$35 522 470

ON BEHALF OF THE COMMISSION

Paul-Émile BERGERON
Rodrigue BLOUIN

COMMISSION DES NORMES DU TRAVAIL

REVENUE, EXPENDITURE AND SURPLUS
for the fiscal year ended March 31, 1984

	1984	1983
REVENUE		
Levies	$25 712 017	$23 675 332
Interest on deposits and investments	2 676 992	2 862 155
Other revenue	278 693	152 531
	28 667 702	26 690 018
EXPENDITURE		
Wages, salaries and fringe benefits	12 112 584	12 389 681
Professional services	1 569 600	1 469 775
Travel	725 392	762 855
Rent and upkeep	1 096 039	1 182 576
Data processing	386 800	390 070
Advertising and public relations	281 209	379 139
Forms, publications and printing	274 942	256 748
Stationery and supplies	120 876	110 900
Telephone, telegram and postal service	651 082	518 074
Bad debts	243 920	104 325
Interest under capital lease	57 765	125 559
Other	23 939	12 939
Depreciation of fixed assets	354 195	278 081
	17 898 343	17 980 722
SURPLUS REVENUE OVER EXPENDITURE EXCLUDING THE FOLLOWING ITEM:	10 769 359	8 709 296
Contribution to the Civil Service Superannuation Plan for past service (Note 7)	1 727 000	1 727 000
SURPLUS REVENUE OVER EXPENDITURE	9 042 359	6 982 296
SURPLUS AT THE BEGINNING	33 700 350	26 718 054
SURPLUS AT YEAR-END	$42 742 709	$33 700 350

COMMISSION DES NORMES DU TRAVAIL

NOTES TO FINANCIAL STATEMENTS

at March 31, 1984

1 — CONSTITUTION AND ACTIVITY

Constituted a corporation within the meaning of the Civil Code under the Workmen's Compensation Act, the Commission des normes du travail has all the usual powers of a corporation. It has been charged with overseeing the implementation and application of occupational standards. More specifically, it is responsible for making the public aware of job standards, seeing that the standards are put into practice and forward any recommendations on the matter to the minister responsible. The Commission has the duty of hearing the claims filed by employees and awarding compensation under the Act and regulations.

2 — ACCOUNTING POLICIES

The Commission's financial statements were prepared according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

Bond investments

Investments in bonds are recorded at amortized cost.

Fixed assets

Fixed assets are shown at acquisition cost and depreciation on them is charged using the declining balance method at the following annual rates:

	Rate
Equipment	20%
Furniture	10%
Rolling-stock	30%

Leasehold improvements are depreciated over the length of the lease.

Capital lease

Depreciation is charged on equipment held under capital lease according to the declining balance method at a rate of 20%. Commitments under such a contract are recorded according to the current value of capital payments.

Levies

Revenue from levies is entered on the books after receipt of employers yearly reports and when claim assessments are served on employers.

3 — BOND INVESTMENTS

Investments in bonds are shown at amortized cost with a realization value of $1 626 000 (1983: $2 095 000).

4 — FIXED ASSETS

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
Equipment	$1 060 151	$407 638	$652 513	$115 668
Furniture	672 979	268 200	404 779	357 801
Rolling-stock	13 373	6 733	6 640	3 735
Leasehold improvements	524 657	275 597	249 060	308 578
	$2 271 160	$958 168	$1 312 992	$785 782

5 — EQUIPMENT HELD UNDER CAPITAL LEASE

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
Computer equipment	$496 380	$229 626	$266 754	$517 330

6 — COMMITMENTS UNDER CAPITAL LEASE

Minimal payments under the terms of a capital lease contract:

	1984	1983
Fiscal year ended:		
March 31, 1984		$418 811
March 31, 1985	$184 620	170 224
	184 620	589 035
Less: Interest and ancillary charges	6 360	64 125
Commitment balance	$178 260	$524 910

7 — UNRECORDED LIABILITY — CIVIL SERVICE SUPERANNUATION PLAN

The actuarial liability for the cost of service prior to December 31, 1977 has been established at $17 469 000. The Commission has begun making payments on this amount in 22 yearly installments of $1 727 000 as of December 31, 1978, with a final payment of $1 751 700 that includes capital and interest. At March 31, 1984, the balance of this unrecorded liability was $15 900 100.

8 — COMMITMENTS

At March 31, 1984 minimal commitments under the terms of leases for space rental detail as follows:

1985	1986	1987	1988	1989
$889 853	$860 825	$778 777	$350 058	$27 808

COMMISSION DES SERVICES JURIDIQUES

R.S.Q., c. A-14

AUDITOR'S REPORT

To members,
Commission des services juridiques:

We have examined the consolidated balance sheet of the Administration, Professional Liability and Fire and Theft Funds of the Commission des services juridiques at March 31, 1984 and the consolidated statement of revenue and expenditure, Administration Fund, of accumulated revenue, Administration Fund, of the reserve for the Administration Fund — special projects, for the Professional Liability Fund and for the Fire and Theft Fund, of the use of consolidated grants for the Administration Fund and of consolidated outlays and expenditures, Administration Fund for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial position of the Commission des services juridiques and of its regional and local corporations at March 31, 1984 as well as their operating results and use of grants for the fiscal year then ended, according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

MAHEU, NOISEUX,
Chartered Accountants

Montréal, May 8, 1984.

COMMISSION DES SERVICES JURIDIQUES

R.S.Q., c. A-14

CONSOLIDATED BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
ADMINISTRATION FUND		
CURRENT ASSETS		
Cash	$3 192 896	$941 189
Accrued interest	29 699	7 763
Accounts receivable, Professional Liability Fund	16 349	
Accounts receivable, Fire and Theft Fund	6 374	
Other accounts receivable	35 945	48 158
Grant receivable — Gouvernement du Québec (s. 52)		938 958
Advances	3 475	14 925
Prepaid expenses	23 773	22 291
	$3 308 511	$1 973 284
PROFESSIONAL LIABILITY FUND		
Cash	$1 505	$11 110
Accrued interest	14 844	13 890
Investments (Note 2)	250 000	225 000
	$266 349	$250 000
FIRE AND THEFT FUND		
Cash	$2 602	$11 838
Accrued interest	3 772	3 162
Investments (Note 2)	75 000	60 000
	$81 374	$75 000
	$3 656 234	$2 298 284

ON BEHALF OF THE COMMISSION

Yves LAFONTAINE, Chairman

Denis BOUCHARD, Vice-chairman

COMMISSION DES SERVICES JURIDIQUES

R.S.Q., c. A-14

CONSOLIDATED BALANCE SHEET

as at March 31, 1984

	1984	1983
LIABILITIES		
ADMINISTRATION FUND		
CURRENT LIABILITIES		
Bank indebtedness		$1 300 000
Accounts payable and accrued charges	$644 206	499 202
Commitments	135 254	62 887
Grant collected in advance (s. 52)	2 142 684	
	2 922 144	1 862 089
WAGES AND SALARIES PAYABLE		86 195
	2 922 144	1 948 284
EQUITY		
Accumulated revenue	5 005	
Reserve, special projects	381 362	25 000
	386 367	25 000
	$3 308 511	$1 973 284
PROFESSIONAL LIABILITY FUND		
Owed the Administration Fund	$16 349	
EQUITY		
Reserve	250 000	$250 000
	$266 349	$250 000
FIRE AND THEFT FUND		
Owed the Administration Fund	$6 374	
EQUITY		
Reserve	75 000	$75 000
	$81 374	$75 000
	$3 656 234	$2 298 284

COMMISSION DES SERVICES JURIDIQUES

ADMINISTRATION FUND

CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1984

	Operations		Private Practice (s. 52)		Total	
	1984	1983	1984	1983	1984	1983
REVENUE						
Regular grant	$34 228 000	$33 453 800	$24 939 000	$17 366 400	$59 167 000	$50 820 200
Grant receivable (in advance)			(2 142 684)	271 673	(2 142 684)	271 673
	34 228 000	33 453 800	22 796 316	17 638 073	57 024 316	51 091 873
EXPENDITURE	34 665 086	33 426 150	21 857 358	19 207 728	56 542 444	52 633 878
	(457 086)	27 650	938 958	(1 569 655)	481 872	(1 542 005)
OTHER REVENUE						
Reimbursement of legal aid costs	4 820				4 820	
Case fees	322 751	304 191			322 751	304 191
Interest	288 743	418 848			288 743	418 848
Other	184 048	33 150			184 048	33 150
Transfer from the professional Liability Fund reserve, less contribution to the Fire and Theft Fund	18 091	31 254			18 091	31 254
	818 453	787 443			818 453	787 44
	361 367	815 093	938 958	(1 569 655)	1 300 325	(754 562)
Transfer of accumulated operations revenue to private practice (s. 52)		(630 697)		630 697		
Grant claimed (collected)			(938 958)	938 958	(938 958)	938 958
SURPLUS REVENUE OVER EXPENDITURE	$361 367	$184 396	$ —	$ —	$361 367	$184 396

CONSOLIDATED STATEMENT OF ACCUMULATED REVENUE
for the fiscal year ended March 31, 1984

	1984	1983
BALANCE (DEFICIT) AT THE BEGINNING		($159 396)
Surplus revenue over expenditure	$361 367	184 396
	361 367	25 000
Reserve, special projects	356 362	25 000
BALANCE AT YEAR-END	$5 005	$ —

CONSOLIDATED STATEMENT OF RESERVE

for the fiscal year ended March 31, 1984

ADMINISTRATION FUND — SPECIAL PROJECTS

	1984	1983
Balance at the beginning	$25 000	$449
Creation of the reserve from accumulated revenue	356 362	25 000
	381 362	25 449
Expenditure		
Other projects		449
Balance at year-end	$381 362	$25 000

PROFESSIONAL LIABILITY FUND

	1984	1983
Balance at the beginning	$250 000	$250 000
Revenue and receipts		
Interest	31 895	16 359
Expenditure paid by the Administration Fund	13 290	
	295 185	266 359
Expenditure and transfer		
Claims	13 290	1 500
Transfer to the Administration Fund	15 546	14 859
	28 836	16 359
	266 349	250 000
Owed the Administration Fund	16 349	
Balance at year-end	$250 000	$250 000

FIRE AND THEFT FUND

	1984	1983
Balance at the beginning	$75 000	$75 000
Revenue and receipts		
Interest	8 952	3 915
Expenditure paid by the Administration Fund	9 466	
Administration Fund contribution for investment	1 667	
	95 085	78 915
Outlays and transfer		
Claims	9 466	1 821
Transfer to the Administration Fund	4 245	2 094
	13 711	3 915
	81 374	75 000
Owed the Administration Fund	6 374	
Balance at year-end	$75 000	$75 000

COMMISSION DES SERVICES JURIDIQUES

ADMINISTRATION FUND

CONSOLIDATED STATEMENT OF GRANT USE
for the fiscal year end March 31, 1984

			1984
CASH ON HAND AT THE BEGINNING			$941 189
RECEIPTS			
Gouvernement du Québec grant		$59 167 000	
Interest	$288 743		
Plus: Accrued interest to April 1, 1983	7 763		
	296 506		
Less: Accrued interest to March 31, 1984	29 699	266 807	
Case fees		322 751	
Other revenue		184 048	
Transfer from Professional Liability Fund less contribution to the Fire and Theft Fund		18 091	
Reimbursement of legal aid costs		4 820	
Decrease in other accounts payable		12 213	
Decrease in advances		11 450	59 987 180
			60 928 369
OUTLAYS			
Operations and private practice (s. 52) see page 103		56 325 073	
Decrease in wages and salaries payable		86 195	
Increase in prepaid expenses		1 482	
Increase in accounts payable, Professional Liability Fund and Fire and Theft Fund		22 723	
Payment on bank loan		1 300 000	57 735 473
CASH ON HAND AT YEAR-END			$3 192 896

COMMISSION DES SERVICES JURIDIQUES

ADMINISTRATION FUND

CONSOLIDATED STATEMENT OF OUTLAYS AND EXPENDITURE

for the fiscal year ended March 31, 1984

OPERATIONS	Outlays	Less: Accounts Payable and Charges Accrued to April 1, 1983	Plus: Accounts Payable and Charges Accrued to March 31, 1984	Expenditure
Board meetings	$73 884	$1 916	$1 263	$73 231
Rent, taxes and permits	2 347 596	115 423	143 407	2 375 580
Telephone	880 315	97 979	88 589	870 925
Electricity	44 811	1 969	5 611	48 453
Postal service	274 339	4 134	2 956	273 161
Stationery and supplies	476 884	35 436	41 401	482 849
Other administrative expenses	221 908	10 723	8 211	219 396
Professional fees	236 116	62 448	45 185	218 853
Upkeep and repairs	180 850	4 322	13 351	189 879
Office furniture and equipment	227 233	60 126	173 229	340 336
Travel	632 716	30 815	29 967	631 868
Library	205 436	8 449	4 422	201 409
Professional training	187 154	6 667	12 267	192 754
Paymaster and data processing	131 636	1 051	9 204	139 789
Review committee	48 408	600	900	48 708
Information and education	220 325	2 623	7 381	225 083
Research	70 249	6 942	13 536	76 843
Account approval	55 007	211	157	54 953
Community legal services of Pointe-St-Charles and Petite Bourgogne Inc.	399 673	1 510	539	398 702
	6 914 540	453 344	601 576	7 062 772
Salaries and fringe benefits:				
Lawyers	15 533 915	18 634	55 827	15 571 108
Others	10 296 060	9 116	14 591	10 301 535
	25 829 975	27 750	70 418	25 872 643
Outlays, civil suits	1 443 071	66 395	83 543	1 460 219
Outlays, criminal cases	280 129	14 600	23 923	289 452
	1 723 200	80 995	107 466	1 749 671
	34 467 715	562 089	779 460	34 685 086
PRIVATE PRACTICE (s. 52)				
Legal fees, civil suits	9 738 443			9 738 443
Legal fees, criminal cases	8 328 875			8 328 875
Notary fees	1 418 881			1 418 881
	19 486 199			19 486 199
Outlays, civil suits	1 671 821			1 671 821
Outlays, criminal cases	604 412			604 412
Outlays, notaries	47 313			47 313
	2 323 546			2 323 546
Interest	47 613			47 613
	21 857 358			21 857 358
	$56 325 073	$562 089	$779 460	$56 542 444

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

at March 31, 1984

1 — MAJOR ACCOUNTING PRACTICE

Consolidation

The consolidated financial statements include the accounts of the Commission des services juridiques and the following regional entities:

Centre communautaire juridique de Montréal
Centre communautaire juridique des Laurentides
Centre communautaire juridique de la Rive-Sud
Centre communautaire juridique de Québec
Centre communautaire juridique de l'Outaouais
Centre communautaire juridique de l'Estrie
Centre communautaire juridique du Saguenay — Lac St-Jean
Centre communautaire juridique de la Mauricie — Bois-Francs
Centre communautaire juridique du Bas-St-Laurent — Gaspésie
Centre communautaire juridique de la Côte-Nord
Centre communautaire juridique de l'Abitibi — Témiscamingue, as well as of the Clinique juridique populaire de Hull Inc., in the Outaouais region.

Financial statements

The financial statements were drawn up according to generally accepted accounting principles, taking into consideration the following particular policies:

Private practice (s. 52)

Private practice legal fees, costs and interest charges are recorded on a cash basis and posted to operations accordingly.

Case fees

Revenue from case fees is recorded on a cash basis.

Fixed assets

The Commission does not have a fixed assets fund. Consequently, the acquisition of fixed assets is charged to the year's operating expenditure and budgeted accordingly.

Employee remuneration

Regular wages and salaries of employees of the Commission des services juridiques and of regional corporations are recorded on a cash basis.

Transfers

Under Commission by-laws, the Professional Liability Fund reserve cannot exceed $250 000 and that of the Fire and Theft Fund, $75 000. When the limit is reached, any amount in excess must be transferred to Administration Fund revenue and expenditure.

2 — INVESTMENTS

	1984	1983
Professional Liability Fund funds invested in deposit certificates with the Société d'hypothèque Procan	$250 000	$225 000
Fire and Theft Fund funds invested in deposit certificates with the Société d'hypothèque Procan	$75 000	$60 000

3 — COMMITMENTS

Private practice legal fees, costs and interest (s. 52)

Commitments toward professionals in private practice amounted to around $19 000 000 at March 31, 1984 and detail as follows:

	Estimated Commitments			
Year	Civil suits	Criminal cases	Notaries services	Total
1973-1980	$375 000	$75 000	$50 000	$500 000
1980-81	900 000	60 000	40 000	1 000 000
1981-82	1 800 000	500 000	200 000	2 500 000
1982-83	3 000 000	800 000	200 000	4 000 000
1983-84	5 300 000	5 200 000	500 000	11 000 000
	$11 375 000	$6 635 000	$990 000	$19 000 000

Estimates of commitments toward professionals in private practice have been made by the Commission.

Leases

Under the terms of leasing agreements expiring between April 30, 1985 and April 30, 1989, the Commission and regional corporations are committed to make total minimal payments of $5 402 686 during that period. Payments during the coming fiscal years detail as follows:
1985, $1 617 216; 1986, $1 437 889; 1987, $1 069 951; 1988, $851 460 and 1989, $426 170.

4 — COMPARATIVE FIGURES

Certain items from the previous year were changed for purposes of the current presentation.

CORPORATION D'HÉBERGEMENT DU QUÉBEC

AUDITOR'S REPORT

I have examined the balance sheet of the Corporation d'hébergement du Québec at March 31, 1984 and the statement of the cost of financing and debt service, that of equity and that of financial activities for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Corporation at March 31, 1984 as well as its operating results and financial activities for the fiscal year then ended, according to the accounting policies in Note 4, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, September 19, 1984.

CORPORATION D'HÉBERGEMENT DU QUÉBEC

BALANCE SHEET
as at March 31, 1984

	1984	1983 (Note 8)
ASSETS		
Fixed assets		
Land	$16 216 762	$13 994 870
Buildings		
Completed projects	273 115 904	256 512 839
Projects under way	15 526 431	12 802 359
Furniture and equipment	2 257 359	5 040 343
	307 116 456	288 350 411
Subsidies receivable from the Government (Note 5)	11 345 113	9 604 323
Accounts receivable	140 366	145 653
	$318 601 935	$298 100 387
LIABILITIES		
Long-term debt (Note 6)	$241 454 998	$245 218 324
Bank indebtedness	25 412 000	10 178 000
Outstanding cheques less cash	221 943	155 411
Accounts payable, including contract holdbacks	2 677 647	1 015 005
Accrued interest	11 636 501	11 920 118
	281 403 089	268 486 858
EQUITY	37 198 846	29 613 529
	$318 601 935	$298 100 387

ON BEHALF OF THE BOARD

Roland CHAMPAGNE
John GAUVREAU

CORPORATION D'HÉBERGEMENT DU QUÉBEC

EQUITY

for the fiscal year ended March 31, 1984

	Operations for fiscal 1983	Balance at March 31, 1983	Operations for fiscal 1984	Balance at March 31, 1984
	(Note 8)	(Note 8)		
CONTRIBUTED CAPITAL				
Subsidies from the Government				
Acquisition of furniture and equipment	$3 232 792	$13 070 942	$1 900 014	$14 970 956
Acquisition of buildings	512 267	4 006 235	494 000	4 500 235
Capital reimbursement on long-term debt	3 977 375	6 835 701	3 638 006	10 473 707
Bond interest capitalized to buildings		1 187 118		1 187 118
Other contributed capital (Note 9)			2 103 494	2 103 494
	7 722 434	25 099 996	8 135 514	33 235 510
Canada Mortgage and Housing Corporation				
Debt forgiveness on 10% of loans granted		6 942 270		6 942 270
Surplus estimated worth of buildings over cost of acquisition	106 257	17 100 114	3 640 794	20 740 908
Furniture and equipment given to local housing corporations	(8 378 014)	(8 378 014)	(4 679 037)	(13 057 051)
Other		40 000	567 996	607 996
	(549 323)	40 804 366	7 665 267	48 469 633
OPERATIONS OTHER THAN DEBT SERVICING				
Accumulated operating loss (Note 7)	(306 483)	(11 190 837)	(79 950)	(11 270 787)
	$(855 806)	$29 613 529	$7 585 317	$37 198 846

COST OF FINANCING AND DEBT SERVICE
for the fiscal year ended March 31, 1984

	1984	1983
COST		
Interest on long-term debt		
Bonds	$20 652 448	$20 316 750
Canada Mortgage and Housing Corporation	5 101 221	5 082 586
Société d'habitation du Québec	1 532 500	1 536 255
Bank borrowings	291 827	
Other indebtedness	1 928 088	1 820 694
	$29 506 084	$28 756 285
FINANCING		
Subsidies from the Government	$29 506 084	$28 756 285

CORPORATION D'HÉBERGEMENT DU QUÉBEC

FINANCIAL ACTIVITIES
for the fiscal year ended March 31, 1984

	1984	1983 (Note 8)
SOURCE OF FUNDS		
Long-term debt		
Bonds	$16 260 000	$31 100 000
Other	874 680	2 100 200
	17 134 680	33 200 200
Contributed capital from the Government	8 135 514	7 722 434
Other contributed capital	567 996	
Increase in bank borrowings	15 234 000	(14 838 000)
Decrease in accounts receivabe	5 287	500 095
Increase in accounts payable	1 662 642	(2 498 010)
Increase in outstanding cheques less cash	66 532	(347 464)
	$42 806 651	$23 739 255
APPLICATION OF FUNDS		
Acquisition of fixed assets	$23 445 082	$19 221 384
Less: Surplus estimated worth of buildings over cost of acquisition	3 640 794	106 257
	19 804 288	19 115 127
Payments on long-term debt		
Bonds	18 950 000	3 050 000
Canada Mortgage and Housing Corporation	121 175	112 033
Société d'habitation du Québec	50 278	46 605
Other indebtedness	1 776 553	1 083 766
	20 898 006	4 292 404
Operations other than debt servicing		
Operating loss for the year	79 950	306 483
Increase in subsidies receivable from the Government	1 740 790	1 555 449
Decrease in accrued interest	283 617	(1 530 208)
	$42 806 651	$23 739 255

CORPORATION D'HÉBERGEMENT DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — CONSTITUTION AND PURPOSE

A non-profit corporation created September 12, 1974 under Part III of the Companies Act, the Corporation d'hébergement du Québec has been charged with acquiring, erecting, renovation, holding, administering, maintaining, repairing, renting and disposing of furniture and buildings either used or for use by establishments and regional councils within the meaning of the Act respecting health services and social services.

2 — ROLE

The Corporation's role is essentially to ensure that the projects of which it has been put in charge by the ministère des Affaires sociales are brought to completion; the Corporation is also responsible for their financing.

The Corporation rents buildings to social service establishments designated by the ministère des Affaires sociales, who then operate these under the terms of a lease which typically stipulates that the tenant must assume full responsibility for the building, including even that normally incumbent on the lessor, such as major repairs, upkeep and insurance.

The Corporation occasionally acquires buildings in the context of ministère des Affaires sociales withdrawal policy aimed at integrating private establishments.

3 — FINANCING

a) Fixed assets

Long-term financing for capital spending by the Corporation on the construction of fixed assets comes in large part from the issuing of bonds, whose debt servicing is fully covered by Government subsidies.

The Corporation resorts to bank borrowings for interim financing of construction.

Projects must receive the prior approval of the Government and be carried out within the financial limits it sets.

b) Furniture and equipment

The cost of furniture and equipment for reception centres is covered by specific ministère des Affaires sociales grants. The Corporation subsequently cedes the furniture and equipment so acquired to local corporations.

c) Expenditure assumed by the Government

Staff and support services such as the telephone service, office space, furniture and supplies are placed at the disposal of the Corporation by the ministère des Affaires sociales. Such expenditure is not shown on Corporation financial statements since it is assumed by the ministère des Affaires sociales and various Government departments.

4 — ACCOUNTING POLICIES

Corporation financial statements were prepared by management on the accrual basis, within the framework and relative importance of accounting practice summarized as follows:

a) Fixed assets

Buildings are usually recorded at cost except where acquired for consideration other than market value, in which case they are entered at the higher of acquisition cost and municipal valuation. Interest, calculated at the average rate for the month on the Corporation's interim borrowings over total expenditure on construction cumulative to the end of the month is capitalized to buildings as financing charges. Capitalization of interest to the cost of a project ceases the first of the month that follows the ninety-day period from the date of provisional acceptance.

Depreciation is not charged on fixed assets.

b) Government subsidies

Subsidies from the Government to cover interest on debt are recorded on the accrual basis while those for the acquisition of fixed assets and capital payments on long-term debt are entered on a cash basis.

5 — SUBSIDIES RECEIVABLE FROM THE GOVERNMENT

	1984	1983
Subsidies receivable cover the following:		
Interest on long-term debt		
Bonds	$6 046 789	$6 350 053
Canada Mortgage and Housing Corporation	3 782 924	3 384 416
Société d'habitation du Québec	1 138 490	287 538
Other indebtedness	559 525	572 644
Payments made in advance by the Government	(619 479)	(1 104 974)
	10 908 249	9 489 677
Cost of projects not carried through	436 864	114 646
	$11 345 113	$9 604 323

6 — LONG-TERM DEBT

	1984	1983
Bonds, guaranteed by the assignment of Government subsidies, 10% to 19% annual interest, maturing 1984 to 1996	$136 835 000	$139 525 000
Canada Mortgage and Housing Corporation Loans, payable in advance without penalty and guaranteed by the assignment of Government subsidies 8% annual interest, maturing 2028 to 2032	62 136 368	62 257 543
Société d'habitation du Québec Mortgage loans, payable in advance without penalty, $6^{7}/_{8}$% and 8% annual interest, maturing 2019 to 2029	19 052 828	19 103 106
Notes and selling price balance, guaranteed by the assignment of Government subsidies, $3^{1}/_{2}$% to 12% annual interest maturing 1992 to 2006	23 430 802	24 332 675
	$241 454 998	$245 218 324

Installment capital payments on long-term borrowings over the next five years detail as follows:

1985	$24 021 782
1986	6 493 559
1987	43 674 046
1988	2 567 566
1989	2 619 095

CORPORATION D'HÉBERGEMENT DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

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7 — OPERATIONS OTHER THAN DEBT SERVICING

	Operations for fiscal 1983	Balance at March 31, 1983	Operations for fiscal 1984	Balance at March 31, 1984
	(Note 8)	(Note 8)		
Cost of projects not carried through	$277 366	$1 054 907	$322 218	$1 377 125
Subsidies from the Government	(277 366)	(1 054 907)	(322 218)	(1 377 125)
	—	—	—	—
Interest on interim financing not capitalized		8 704 861		8 704 861
Bond discount and issue charges	296 733	2 683 094	158 350	2 841 444
Other charges	6 223	80 586	7 975	88 561
Other revenue	(15 025)	(349 236)	(38 413)	(387 649)
Operation of a building (Note 8)	18 552	71 532	(47 962)	23 570
Operating loss	$306 483	$11 190 837	$79 950	$11 270 787

8 — OPERATION OF A BUILDING

The Corporation is owner of a building that is used but not rented by an establishment designated by the ministère des Affaires sociales, until such time as it can be converted into an elderly care facility or otherwise disposed of. The Corporation assume the cost of its administration since fiscal 1980-1981.

Building operations were not previously shown on the financial statements. Beginning this fiscal year, the operation of the building appears on the statements, with comparative figures from 1983 adjusted correspondingly.

Building operations not shown on the balance sheet for the fiscal year ended March 31, 1983 detail as follows:

Liabilities	
Outstanding cheques less cash	$71 532
Equity	
Accumulated operating loss	$71 532

Surplus expenditure over revenue for 1980-1981 was $17 053, that of 1981-1982 $35 927.

	1984	1983
Revenue		
Rent	$61 217	$56 637
Tenants' contribution	253 554	263 074
Parking	72 594	28 726
Gouvernement du Québec operating subsidies	348 200	361 972
	735 565	710 409
Expenditure		
Wages, salaries and fringe benefits	219 877	173 379
Security	169 779	140 701
Upkeep and repairs	92 776	213 796
Heating	110 538	147 115
Electricity	62 264	33 854
Insurance	29 200	15 172
Sundry	3 169	4 944
	687 603	728 961
Surplus revenue over expenditure	47 962	(18 552)
Accumulated operating loss at the beginning of the year	71 532	52 980
Accumulated operating loss at year-end	$23 570	$71 532

9 — CONTRIBUTED CAPITAL — GOUVERNEMENT DU QUÉBEC SUBSIDIES

The Corporation's equity was increased by a capital contribution of $2 103 494 from the Government during the fiscal year. The amount represents overpayments by the ministère des Affaires sociales on long-term borrowings for the fiscal years 1980-1981 and 1981-1982. Such excess payments had been charged against subsidies receivable from the Government. It has been confirmed that the department concerned has no intention of claiming their reimbursement.

FONDATION POUR LE DÉVELOPPEMENT DE LA SCIENCE ET DE LA TECHNOLOGIE

S.Q., 1983, c. 23

AUDITOR'S REPORT

I have examined the balance sheet of the Fondation pour le développement de la science et de la technologie at March 31, 1984 as well as the statement of revenue, expenditure and surplus for the period August 17, 1983 to March 31, 1984. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Fondation at March 31, 1984 and its operating results for the period August 17, 1983 to March 31, 1984 according to the accounting policies in Note 2.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, May 15, 1984.

FONDATION POUR LE DÉVELOPPEMENT DE LA SCIENCE ET DE LA TECHNOLOGIE

S.Q., 1983, c. 23

BALANCE SHEET

as at March 31, 1984

CURRENT ASSETS	
Cash	$9 092
Term deposits and accrued interest	120 646
Prepaid expenses	897
	$150 635
CURRENT LIABILITIES	
Accounts payable and accrued charges	$20 573
SURPLUS	130 062
	$150 635

ON BEHALF OF THE BOARD

Lionel BOULET
Guy MERCIER

FONDATION POUR LE DÉVELOPPEMENT DE LA SCIENCE ET DE LA TECHNOLOGIE

REVENUE, EXPENDITURE AND SURPLUS

for the period August 17, 1983 to March 31, 1984

ADMINISTRATIVE EXPENDITURE

Wages, salaries and fringe benefits	$19 288
Professional fees	2 541
Travel	1 172
Representation and public relations	1 767
Office supplies	5 978
Telecommunications	452
Dues and association fees	1 187
Furniture and equipment	8 199
	40 584
REVENUE	
Interest on bank deposits	646
SURPLUS EXPENDITURE OVER REVENUE	39 938
OPERATING SUBSIDY FROM THE GOVERNMENT	170 000
SURPLUS SUBSIDY AND REVENUE OVER EXPENDITURE AT MARCH 31, 1984	$130 062

NOTES TO FINANCIAL STATEMENTS

at March 31, 1984

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1 — CONSTITUTION AND PURPOSE

The Fondation pour le développement de la science et de la technologie is a corporation founded by the Act to promote the advancement of science and technology in Québec (chapter 23 of the Statutes of Québec, 1983), which was given assent June 23, 1983. Provisions of the Act concerning the Fondation came into force on August 17, 1983. The purpose of the Fondation is to provide financial support for the three Fonds to assist research created under the Act created and to that end:

(a) accepts donations, inheritances, subsidies or other contributions and provides public information concerning their related advantages;

(b) allocates part or all of its revenue among the following three funds, in accordance with the plan prescribed by section 52 of its founding Act:

   i. the "Fonds pour la formation de chercheurs et l'aide à la recherche" in education;

   ii. the "Fonds de la recherche en santé du Québec" in the field of health, and

   iii. the "Fonds de recherche en agriculture, en pêcheries et en alimentation" in the area of agriculture, fisheries and food.

Except in the case of annual appropriations voted by the Legislature, the Fondation may use gifts, inheritances and other contributions only for the purposes set forth in paragraph (b) above unless such sums are intended as investments pursuant to section 55 of its founding Act. The same applies to revenue derived from those amounts.

Separate financial statements are drawn up for the three funds backed financially by the Fondation.

2 — ACCOUNTING POLICIES

Fondation financial statements were prepared by management according to the framework and relative importance of the accrual method.

The purchase of furniture and equipment is charged to operations at the time of acquisition.

FONDS D'AIDE AUX RECOURS COLLECTIFS

R.S.Q., c. R-2.1

AUDITOR'S REPORT

I have examined the balance sheet of the Fonds d'aide aux recours collectifs at March 31, 1984 as well as the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

I my opinion, the statements accurately present the financial situation of the Fonds at March 31, 1984 and the results of its operations for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F C.A.
Auditor-General

Québec, July 3, 1984

FONDS D'AIDE AUX RECOURS COLLECTIFS

R.S.Q., c. R-2.1

BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
Cash and term deposits	$38 822	$56 424
Accrued interest	475	776
	$39 297	$57 200
LIABILITIES		
Accounts payable and accrued charges	$11 564	$4 258
Owed the Government (Note 3)	7 255	52 942
	18 819	57 200
SURPLUS (Note 4)	20 478	
	$39 297	$57 200

ON BEHALF OF THE BOARD

Jules ALLARD
Yves LAUZON

FONDS D'AIDE AUX RECOURS COLLECTIFS

REVENUE, EXPENDITURE AND SURPLUS

for the fiscal year ended March 31, 1984

	1984	1983
EXPENDITURE		
Financial aid to beneficiaries	$97 458	$66 283
Board of directors:		
Fees and allowances	37 878	24 635
Communications and travel expenses	11 880	6 947
	49 758	31 582
Fonds office operating costs:		
Wages, salaries and fringe benefits	100 722	78 055
Communications and travel expenses	6 584	3 869
Office expenses	4 948	3 678
Professional services	700	210
Advertising	19 327	39 141
Office equipment	851	643
	133 132	125 596
	280 348	223 461
REVENUE		
Remainder from suits	7 109	
Subrogations	2 879	
Interest on bank and term deposits	2 990	5 036
	12 978	5 036
SURPLUS EXPENDITURE OVER REVENUE	267 370	218 425
GOVERNMENT SUBSIDY	287 848	247 883
SURPLUS SUBSIDY AND REVENUE OVER EXPENDITURE TRANSFERRED TO THE GOVERNMENT (Note 3)		$29 458
SURPLUS SUBSIDY AND REVENUE OVER EXPENDITURE AND SURPLUS AT MARCH 31, 1984	$20 478	

FONDS D'AIDE AUX RECOURS COLLECTIFS

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — CONSTITUTION AND PURPOSE

A corporation within the meaning of the Civil Code, the Fonds d'aide aux recours collectifs was created under the Act respecting class action, for the purpose of funding class action suits.

2 — ACCOUNTING POLICIES

Fonds financial statements were prepared by management within the framework of accounting policies summarized as follows:

Financial aid to beneficiaries and other expenditures

Aid to beneficiaries is recorded when paid while all other expenditures are entered on the accrual basis.

Fixed assets

The purchase of office equipment is charged to operating expenditure.

Revenue

The remainder from decisions on class action suits is recorded as revenue when assigned to the Fonds by the court. Revenue from subrogations is entered on a cash basis.

Expenditures assumed by the Government

The cost of support services such as telephone service, premises, etc. is paid out of the various departments' appropriations and not shown on the statement of operating results.

3 — OWED THE GOVERNMENT

The item breaks down as follows:

	1984	1983
Amounts payable		
Permanent advance	$24 000	$24 000
Surplus subsidy and revenue over expenditure		29 458
	24 000	53 458
Amount receivable		
Claims concerning financial aid to beneficiaries	16 745	516
Balance due	$ 7 255	$52 942

* Under new terms for the granting of a Government subsidy, as of this fiscal year the annual surplus subsidy and revenue over expenditure is not transferred to the Government.

4 — SURPLUS

Surplus subsidy and revenue over expenditure for the current year includes the remainder from class action suits as revenue in the amount of $7 109, which may under the terms of the founding Act be used to provide financial assistance to beneficiaries.

5 — COMMITMENTS

Fonds administrators have made commitments of approximately $91 000 as financial aid to beneficiaries, in addition to that paid out at March 31, 1984.

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

R.S.Q., c. A-29.1

AUDITOR'S REPORT

I have examined the balance sheet of the Fonds d'assurance-prêts agricoles et forestiers at March 31, 1984 and the statement of change in Fonds equity for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Fonds d'assurance-prêts agricoles et forestiers at March 31, 1984 as well as the change in that position for the fiscal year then ended, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, June 11, 1984.

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

R.S.Q., c. A-29.1

BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
Cash	$53 064	$65 628
Accounts receivable	257 541	363 372
Deposits in the General Fund of the Caisse de dépôt et placement du Québec		
Demand deposits	3 699	372 911
Term deposits		1 000 000
Participation deposits (realization value, 1984: $9 650 131; 1983, $11 161 780)	10 014 062	11 365 511
	10 017 761	12 738 422
	$10 328 366	$13 167 422
LIABILITIES		
Advance from the Government	$328 366	
FONDS EQUITY (Note 3)		
Fonds capital		
Endowment from the Government	10 000 000	$10 000 000
Insurance premiums and debt recovery		757 804
	10 000 000	10 757 804
Accumulated net revenue		2 409 618
	10 000 000	13 167 422
	$10 328 366	$13 167 422

INSURED LOANS (Note 4)

ON BEHALF OF THE BOARD

Camille G. MOREAU
J. Claude SIMONEAU

CHANGE IN FONDS EQUITY
for the fiscal year ended March 31, 1984

	1984	1983
FONDS CAPITAL AT THE BEGINNING	$10 757 804	$10 680 026
Insurance charges	173 381	77 516
Debt recovery	32 415	262
Contribution from the Government	376 634	
	11 340 234	10 757 804
Loan losses reimbursed to lenders	1 340 234	
FONDS CAPITAL AT YEAR-END	10 000 000	10 757 804
ACCUMULATED NET REVENUE AT THE BEGINNING	2 409 618	2 650 167
Revenue from deposits	1 227 200	1 503 978
	3 636 818	4 154 145
Loan losses reimbursed to lenders	3 636 818	1 744 527
ACCUMULATED NET REVENUE AT YEAR-END		2 409 618
FONDS EQUITY AT MARCH 31	$10 000 000	$13 167 422

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

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1 — CONSTITUTION AND PURPOSE

A corporation within the meaning of the Civil Code, the Fonds d'assurance-prêts agricoles et forestiers was created under the Act respecting farm-loan insurance and forestry-loan insurance. Beginning August 1, 1978, the Fonds guarantees a lender repayment of losses in principal and interest on a farm or forestry loan granted, along with any expenditure eligible under regulations and incurred by the lender to safeguard loan guarantees or for recovering from a defaulting borrower any amount become due under the terms of a loan.

2 — ACCOUNTING POLICIES

Insurance premiums

Insurance premiums are recorded on a cash basis, when received.

Revenue from deposits

Revenue from deposits is recorded on the accrual basis.

Reimbursement of losses to lenders

The covering of losses on insured loans is recorded upon payment to lenders.

Administrative expenses

Fonds administrative expenses are paid out of the various departments' appropriations and are not shown on the financial statements.

3 — FONDS EQUITY

As prescribed by the Act respecting farm-loan insurance and forestry-loan insurance, Fonds capital includes Government endowments, insurance premiums and any recovery on loan losses. Fonds commitments toward lenders are to be covered from revenue and if this proves insufficient, from that part of capital in excess of $10 million.

Where revenue and that part of capital over $10 million do not suffice to meet Fonds commitments, the Government is authorized to pay the sums required, at the request of the Fonds, out of the Consolidated Revenue Fund.

4 — INSURED LOANS

The capital balance owed on loans whose repayment is guaranteed by the Fond under various Acts details as follows:

	1984	1983
Act to promote long term farm credit by private institutions (R.S.Q., c. C-75.1)	$1 107 320 000	$1 034 154 000
Farm Credit Act (R.S.Q., c. C-75)	24 144 000	25 719 000
Act to promote farm improvement (R.S.Q., c. A-18)	185 785 000	164 836 000
Act to promote credit to farm producers (R.S.Q., c. C-77)	65 093 000	55 803 000
Forestry Credit Act (R.S.Q., c. C-78)	34 624 000	34 503 000
Act to promote special credit to agricultural producers during critical periods (R.S.Q., c. C-79)	12 066 000	11 705 000
	$1 429 032 000	$1 326 720 000

During the fiscal year, the Fonds made outlays of almost $5 million on the $29 million it estimated would have to be paid lenders at March 31, 1983. According to an analysis of insured loans at March 31, 1984, the estimated amount of losses to lenders that the Fonds will be called upon to reimburse has increased to $53 million; payments will be scheduled over the coming fiscal years.

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC

S.Q., 1983, c. 23

AUDITOR'S REPORT

I have examined the balance sheet of the Fonds de la recherche en santé du Québec at March 31, 1984 as well as the statement of grant use and that of operating results for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Fonds at March 31, 1984 as well as its use of grants received for the fiscal year then ended, according to the accounting policies in Note 2. Moreover, considering the retroactive change to the recording of scholarships and grants received, the policies were, in my view, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, May 18, 1984.

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC

S.Q., 1983, c. 23

BALANCE SHEET

as at March 31, 1984

	1984	1983 (adjusted)
CURRENT ASSETS		
Cash	$3 904 017	$1 388 112
Term deposits and accrued interest	570 720	2 256 071
Grant receivable from the Government		1 870 800
	$4 474 737	$5 514 983
CURRENT LIABILITIES		
Scholarships and grants	$ 950 440	$ 3 399 757
Accounts payable and accrued charges	29 159	169 856
SURPLUS (Note 5)	3 495 138	1 945 370
	$4 474 737	$5 514 983

ON BEHALF OF THE BOARD

Serge CARRIÈRE
Yvon POIRIER

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC

GRANT USE
for the fiscal year ended March 31, 1984

	1984	1983 (adjusted)
GRANTS RECEIVED		
From the Government — ministère des Affaires sociales		
Scholarships and research grants	$18 559 000	$21 253 294
Operating fund	686 000	
	19 245 000	21 253 294
Régie de l'assurance-maladie du Québec	3 834 000	2 215 327
Institut de recherche en santé sociale du travail	64 552	453 500
	23 143 552	23 922 121
INTEREST ON BANK DEPOSITS	702 828	875 331
	23 846 380	24 797 452
SCHOLARSHIPS AND GRANTS AWARDED (Note 4)	21 855 269	22 581 691
	1 991 111	2 215 761
OPERATING EXPENSES		
Wages, salaries and fringe benefits	117 558	75 304
Committee fees	21 875	21 950
Committee travel and lodging expenses	51 197	60 530
Professional fees	26 622	36 064
Rent	52 730	5 013
Office expenses	89 690	152 706
Furniture, fixtures and equipment	81 671	257 001
	441 343	608 568
	1 549 768	1 607 193
Transfer of surplus allocated to the acquisition of fixed assets	17 741	142 621
	1 567 509	1 749 814
Allocated to the acquisition of fixed assets		17 741
SURPLUS GRANTS RECEIVED OVER SCHOLARSHIPS AND GRANTS AWARDED AND OPERATING EXPENSES	$1 567 509	$1 732 073

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC

SURPLUS
for the fiscal year ended March 31, 1984

	1984	1983 (adjusted)
ALLOCATED TO THE ACQUISITION OF FIXED ASSETS		
Opening balance	$17 741	$142 621
Transfer from the statement of grant use		17 741
Transfer to the statement of grant use	(17 741)	(142 621)
Balance at year-end		17 741
UNALLOCATED		
Opening balance		
Balance carried forward	809	
Adjustment:		
Scholarships and grants awarded (Note 3)	1 926 820	195 556
Adjusted balance	1 927 629	195 556
Surplus grants received over scholarships and grants awarded and operating expenses	1 567 509	1 732 073
Balance at year-end	3 495 138	1 927 629
SURPLUS AT MARCH 31	$3 495 138	$1 945 370

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS

at March 31, 1984

1 — CONSTITUTION AND SCOPE OF ACTIVITY

The Fonds de la recherche en santé du Québec is a corporation founded under the Act to promote the advancement of science and technology in Québec (S.Q., 1983, c. 23), which was given assent on June 23, 1983 and came into force on January 25, 1984. The corporation replaces the former Fonds de la recherche en santé du Québec founded under the Companies Act and as such, acquires its assets and rights and assumes its obligations.

The Fonds has been given the task of promoting research activities in the field of health science in Québec and providing financial assistance to research and the training of research scientists through scholarships and grants. It operates financial aid programs pursuant to the provisions of an Act or with the authorization of the Government and according to the terms it sets, carries out such programs on behalf of a department or public agency.

2 — ACCOUNTING POLICIES

Fonds financial statements were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

Scholarships and grants awarded:

Grants awarded for the activities of research centres and institutes of the Social Affairs network and those concerning the development of teams in epidemiological, operational, organizational and evaluative research cover the fiscal year beginning April 1 through the following March 31 and are recorded on the accrual basis. The same is true in respect of scholarships from the Régie de l'assurance-maladie du Québec for Fonds researchers.

Other grants and scholarships awarded in the context of Fonds programs, some of them for two years, are recorded when deemed accepted, that is, thirty days following the written announcement that a grant or scholarship has been awarded.

Fixed assets:

The purchase of furniture and equipment as well as leasehold improvements are charged to operating expenses.

Expenses assumed by the Government:

The ministère des Affaires sociales provides the Fonds with personnel and support services such as telephone, postal and messenger services. The cost of such services does not appear on the financial statements, since it is assumed by the ministère des Affaires sociales and various other Government departments.

3 — RETROACTIVE ADJUSTMENT

The Fonds now records scholarships and grants according to when they are deemed accepted, 30 days after the written announcement appears. Formerly, certain sums derived from current revenue were committed for scholarships and grants to be awarded during subsequent fiscal years.

This accounting change results in a retroactive adjustment to reduce expenditure on scholarships and grants for fiscal 1982-1983 by $1 731 264 and increase the surplus of grants received over scholarships and grants awarded and operating expenses by a corresponding amount. Comparative figures for 1983 were adjusted to reflect the change.

4 — SCHOLARSHIPS AND GRANTS AWARDED

	1984	1983
Subsidies to research centres and institutes of the Social Affairs network	$14 372 836	$16 502 995
Research fellows (RAMQ)	3 834 000	2 215 327
Other scholarships and grants	3 648 433	3 863 369
	$21 855 269	$22 581 691

5 — SURPLUS

At the time these financial statements were being prepared, almost the entire surplus of $3 495 138 at March 31, 1984 had been committed by the board of directors to scholarships and grants that will be awarded during fiscal 1984-1985 for the following programs:

- evaluative research;
- research centres and institutes;
- team development in epidemiological, operational, organizational and evaluative research;
- the training of researchers.

FONDS F.C.A.C.* POUR L'AIDE ET LE SOUTIEN À LA RECHERCHE

AUDITORS' REPORT

To the board of directors of
the Fonds F.C.A.C. for the assistance
and support of research:

We have examined the statement of financial resources and allocation, that of disposable scholarships grants, and interest, that of revenue and expenditure and that of cumulative surplus revenue over expenditure for the Administration Fund of the Fonds F.C.A.C. pour l'aide et le soutien à la recherche for the fiscal year ended May 31, 1984, as well as the cumulative balance sheet and the statement of fixed assets at that date. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the operating results of the Fonds for the fiscal year ended May 31, 1984 and its financial situation at that date according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

MAHEUX NOISEUX
Chartered Accountants

Sainte-Foy, June 21, 1984

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* For the training of researchers and concerted action

FONDS F.C.A.C. POUR L'AIDE ET LE SOUTIEN À LA RECHERCHE

CUMULATIVE BALANCE SHEET
as at May 31, 1984

	1984	1983 (adjusted, Note 3)
ASSETS		
CURRENT ASSETS		
Cash	$46 767	$7 667
Term deposits	1 600 000	500 000
Accrued interest receivable	3 987	4 011
Other accounts receivable	2 171	
Grant receivable		687 600
Scholarships and grants to recover	936	23 960
	$1 653 861	$1 223 238
LIABILITIES		
CURRENT LIABILITIES		
Scholarships and grants payable	$378 591	$122 436
Accounts payable and accrued charges	51 220	56 677
Wages, salaries and payroll deductions	36 268	49 024
Accrued charges	103 975	125 067
	570 054	353 204
DISPOSABLE SCHOLARSHIPS, GRANTS AND INTEREST	1 033 134	870 061
CUMULATIVE SURPLUS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	50 673	(27)
	$1 653 861	$1 223 238

ON BEHALF OF THE BOARD

Romain PAQUETTE
Yvan CLICHE
Directors

FIXED ASSETS
as at May 31, 1984

	1984	1983
ASSETS		
FIXED ASSETS, at cost		
Data-processing equipment	$347 476	$345 011
Leasehold improvements	98 679	98 029
Furniture and equipment	126 109	99 032
	$572 264	$542 072
FIXED CAPITAL, financed by the Administration fund	$572 264	$542 072

FONDS F.C.A.C. POUR L'AIDE ET LE SOUTIEN À LA RECHERCHE

GRANTS FUND

FINANCIAL RESOURCES AND ALLOCATION

for the fiscal year ended May 31, 1984

	1984	1983
SOURCE OF FUNDS		
Grants	$18 785 400	$17 266 000
ALLOCATION OF FUNDS		
Grants awarded:		
Teams and seminars	9 479 942	9 553 571
Research centres	3 720 000	3 360 500
Research service agencies	330 335	293 164
Scientific journals	624 322	598 415
Spontaneous action	2 109 914	1 326 955
Research reports	261 500	255 434
Special projects	17 239	103 470
Concerted action	42 530	50 700
General subsidies	1 139 552	1 162 003
Aid to scientific publishers	274 276	286 713
Aid to college researchers and those unaffiliated to a recognized institution	501 629	249 800
	18 501 239	17 240 725
REIMBURSEMENT OF GRANTS PAID	59 100	69 512
	18 442 139	17 171 213
DISPOSABLE GRANTS	343 261	94 787
TRANSFER TO GRANT AND SCHOLARSHIP FUND	(343 261)	(94 787)
	$ —	$ —

FONDS F.C.A.C. POUR L'AIDE ET LE SOUTIEN À LA RECHERCHE

SCHOLARSHIP FUND

FINANCIAL RESOURCES AND ALLOCATION

for the fiscal year ended May 31, 1984

	1984	1983
SOURCE OF FUNDS		
Grants	$10 409 400	$9 459 000
ALLOCATION OF FUNDS		
Competition A-2 — Payments	221 791	241 500
Competition A-2 — Tuition fees	5 227	570
Competition A-3 — Payments	247 000	300 000
Competition A-3 — Tuition fees	10 512	8 856
Competition A-4 — Payments	79 666	88 000
Competition A-4 — Tuition fees		1 380
Competition A-5 — Payments	16 000	20 780
Competition A-5 — Tuition fees	4 696	4 900
Competition A-6 — Payments	52 625	37 490
Competition A-6 — Tuition fees		15 390
Competition A-7 — Payments	146 000	118 457
Competition B-1 — Payments	5 093 400	3 596 910
Competition B-1 — Tuition fees	288 091	102 167
Competition B-2 — Payments	3 513 207	3 513 656
Competition B-2 — Tuition fees	364 597	372 910
Competition B-3 — Payments	274 165	203 002
Competition B-3 — Tuition fees	5 655	3 444
Competition B-4 — Payments	222 058	172 800
Competition B-4 — Tuition fees	39 636	19 544
Competition C-1 — Payments	52 800	52 167
Competition C-1 — Tuition fees		774
Competition C-2 — Payments	26 667	20 000
Competition C-3 — Payments	5 333	
	10 669 126	8 894 697
DISPOSABLE SCHOLARSHIPS (TO FUND)	(259 726)	564 303
TRANSFER TO SCHOLARSHIP AND GRANT FUND	259 726	(564 303)
	$ —	$ —

FONDS F.C.A.C. POUR L'AIDE ET LE SOUTIEN À LA RECHERCHE

SCHOLARSHIP AND GRANT FUND

DISPOSABLE SCHOLARSHIPS, GRANTS AND INTEREST
for the fiscal year ended May 31, 1984

	1984	1983 (Adjusted, Note 3)
BALANCE AT THE BEGINNING		
Balance carried forward	$3 024 757	$1 598 209
Transfer to the Administration Fund (Note 3)	(2 154 696)	(1 387 238)
Adjusted balance	870 061	210 971
TRANSFER FROM		
Grant Fund	343 261	94 787
Scholarship Fund	(259 726)	564 303
Interest earnings	79 538	
	163 073	659 090
BALANCE AT YEAR-END	$1 033 134	$870 061

FONDS F.C.A.C. POUR L'AIDE ET LE SOUTIEN À LA RECHERCHE

ADMINISTRATION FUND

REVENUE AND EXPENDITURE
for the fiscal year ended May 31, 1984

	1984	1983 (adjusted, Note 3)
REVENUE		
Grants	$2 430 000	$902 300
Subsidies for personnel:		
Staff transferred		548 684
Staff on loan	89 901	191 100
Compensation for spending on support services, premises and equipment		66 652
Interest earnings		767 458
Autres	14 674	16 545
	2 534 575	2 492 739
Wages and salaries of staff on loan	89 901	191 100
	2 444 674	2 301 639
EXPENDITURE		
Wages and salaries	1 257 475	1 133 676
Fringe benefits	137 205	100 750
Communications	485 234	549 132
Services	188 034	328 619
Rent	201 990	175 365
Upkeep and repairs	42 824	37 413
Stationery and office supplies	50 094	76 276
Interest and bank charges	926	437
	2 363 782	2 401 668
SURPLUS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE) BEFORE ACQUISITION OF FIXED ASSETS	80 892	(100 029)
Acquisition of fixed assets from revenue	30 192	85 183
SURPLUS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	$50 700	$(185 212)

FONDS F.C.A.C. POUR L'AIDE ET LE SOUTIEN À LA RECHERCHE

ADMINISTRATION FUND

CUMULATIVE SURPLUS REVENUE OVER EXPENDITURE
for the fiscal year ended May 31, 1984

	1984	1983 (adjusted, Note 3)
BALANCE AT THE BEGINNING		
Balance carried forward	$(2 300 495)	$(1 398 426)
Transfer from the Scholarship and Grant Fund (Note 3)	2 154 696	1 387 238
Compensation for 1981-1982 remuneration (Note 3)		117 253
Compensation for spending on support services, premises and equipment in former years (Note 3)	145 772	79 120
Adjusted balance	(27)	185 185
SURPLUS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	50 700	(185 212)
BALANCE AT YEAR-END	$50 673	$(27)

FONDS F.C.A.C. POUR L'AIDE ET LE SOUTIEN À LA RECHERCHE

NOTES TO FINANCIAL STATEMENTS

at May 31, 1984

1 — MAIN ACCOUNTING PRACTICE

Fonds financial statements were drawn up according to generally accepted accounting principles, except for the purchase of fixed assets, which are charged to operations of the Administration Fund for the year with no depreciation recorded. All fixed assets acquired since the start-up of operations are shown on the statement of capital assets. The Fond is authorized to acquire fixed assets in the amount of $300 000. In addition, the cumulative balance sheet encompasses the various funds, since certain postings cannot be assigned to one in particular.

2 — SCOPE OF FONDS ACTIVITY

The Fonds manages programs to subsidize scientific research and publishing and provides financial assistance to graduates. Sums received from the ministère de l'Éducation as grants and any attendant interest must be subsequently allocated.

3 — RETROACTIVE ADJUSTMENT

The adjustment results from a transfer of funds following an Order in Council dated February 8, 1984 that was issued by the Government. Under the terms of the Order in Council, the department allowed the use of interest earned by the Fonds since its creation in the amount of $2 154 696 to offset administrative expenditures.

An additional grant of $687 600 was alloted to the Fonds as compensation to balance its operating account at May 31, 1983. This amount breaks down as follows:

Wages and salaries, 1981-1982	$117 253
Wages and salaries, 1982-1983	424 575
Spending on support services, premises and equipment, 1981-1982	79 120
Spending on support services, premises and equipment, 1982-1983	66 652
	$687 600

Interest earned in the amount of $767 458 and compensation of $66 652 increased Administration Fund revenue by $834 110 for fiscal 1983. Compensation for spending on support services, premises and equipment increased the amount of the grant receivable by $145 772 on the cumulative balance sheet at May 31, 1983.

The adjustments were applied retroactively.

4 — COMMITMENTS

Loyer

Under the terms of an operating lease that expires on October 31, 1986, minimum future instalments total $358 978, detailing as follows: 1985 and 1986, $148 543 each year and $61 892 in 1987.

Subsidies

Under the program of aid to scientific publishing, the Fonds is committed to payments upon publication of scientific works from its revenue of past years. Amounts committed but unpaid amount to $214 364 at May 31, 1984 of which $106 020 relates to fiscal 1983-1984, $49 202 for 1982-1983 and $59 142 for 1981-1982. These amounts do not appear on the financial statements.

5 — PRESENTATION

The previous year's financial statements were brought into line with the presentation for the current fiscal year.

HYDRO-QUÉBEC

R.S.Q., c. H-5

AUDITOR'S REPORT

To the Government:

We have examined the consolidated balance sheet of Hydro-Québec at December 31, 1983 and the consolidated statement of operating results, that of retained earnings and that of change in financial position for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefors included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these consolidated statements accurately present the financial situation of Hydro-Québec at December 31, 1983 as well as its operating results and the change in that position for the fiscal year then ended, according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

SAMSON BELAIR
Chartered Accountants

RAYMOND, CHABOT, MARTIN, PARE ET ASSOCIÉS
Chartered Accountants

Montréal, February 13, 1984.

HYDRO-QUÉBEC

R.S.Q., c. H-5

CONSOLIDATED BALANCE SHEET

as at December 31

($ MILLIONS)

	1983	1982
ASSETS		
FIXED ASSETS		
Property and plant (Note 5)		
In use	21 369	16 776
Accumulated depreciation	2 202	1 979
	19 167	14 797
Construction work in progress	4 035	6 508
	23 202	21 305
Construction, operating and research equipment at cost less accumulated depreciation	167	172
	23 369	21 477
CURRENT ASSETS		
Cash and investments	611	521
Accounts receivable and to invoice	729	658
Materials, fuel and supplies	156	184
	1 496	1 363
OTHER ASSETS		
Investments (Note 6)	127	127
Bond discount and issue charges, unamortized	176	170
Deferred cost on power purchase, unamortized	31	32
	334	329
	25 199	23 169

ON BEHALF OF THE BOARD

Joseph BOURBEAU
Guy COULOMBE

Montréal, March 21, 1984.

HYDRO-QUÉBEC

R.S.Q., c. H-5

CONSOLIDATED BALANCE SHEET

as at December 31

($ MILLIONS)

	1983	1982
LIABILITIES AND SHAREHOLDER EQUITY		
LONG-TERM DEBT		
Bonds and other long-term debt (Note 7)	16 453	15 628
NOTES PAYABLE		
Notes payable within one year	39	222
CURRENT LIABILITIES		
Bank advances	20	7
Accounts payable and accrued charges	535	586
Accrued interest	696	623
Long-term debt due within a year (Note 7)	1 030	377
Dividends payable	60	7
	2 341	1 600
SHAREHOLDER EQUITY		
Capital stock		
authorized:		
50 000 000 shares,		
$100 par value		
issued and paid-up:		
43 741 090 shares	4 374	4 374
Retained earnings	1 992	1 345
	6 366	5 719
	25 199	23 169

HYDRO-QUÉBEC

CONSOLIDATED STATEMENT OF OPERATING RESULTS

for the fiscal year ended December 31

($ MILLIONS)

	1983	1982
REVENUE		
Power sales (Note 2)	3 593	3 257
Other operating revenue	63	53
	3 656	3 310
EXPENDITURE		
Operations	1 072	1 006
Power purchase	117	127
Depreciation on property and plant	274	221
Taxes (Note 3)	209	185
	1 672	1 539
NET OPERATING INCOME	1 984	1 771
Interest (Note 4)	1 277	971
NET PROFIT FOR THE YEAR	707	800

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the fiscal year ended December 31

($ MILLIONS)

	1983	1982
Balance at the beginning	1 345	552
Add:		
Net profit for the year	707	800
	2 052	1 352
Less:		
Dividends (Note 8)	60	7
Balance at year-end	1 992	1 345

HYDRO-QUÉBEC

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended December 31

($ MILLIONS)

	1983	1982
SOURCE OF FUNDS		
Net profit	707	800
Depreciation on property and plant	274	221
Depreciation on operating and research equipment	32	28
Amortization of bond discount and issue charges	19	17
Other depreciation	6	7
Total financial resources from operations	1 038	1 073
Issue of bonds and other long-term debt, less discount and issue charges	1 841	2 302
Decrease (increase) in materials, fuel and supplies	28	(27)
Increase in accounts payable, accrued charges, accrued interest and dividends payable	75	19
	2 982	3 367
APPLICATION OF FUNDS		
Investment in fixed assets	2 188	2 542
Redemption of bonds and other long-term debt	392	647
Decrease in notes payable	183	35
Increase in cash and short-term investments, less bank advances	77	96
Increase in accounts receivable and to invoice	71	28
Other	11	12
Dividends	60	7
	2 982	3 367

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

1 — MAJOR ACCOUNTING POLICIES

(a) Consolidation

The consolidated financial statements include those of Hydro-Québec and its subsidiaries as well as the financial statements of the Société d'énergie de la Baie James.

(b) Rates

Under the terms of its governing Act, Hydro-Québec has been given the task of supplying power, conducting research into energy, its use and conservation as well as carrying on activity in related fields. It must supply power according to the conditions and rates consistent with sound financial management. Specifically, the Hydro-Québec Act provides that rates be maintained at a level sufficient to at least cover all operating costs, debt amortization and depreciation on fixed assets over a maximum period of fifty years. Rates are set by Hydro-Québec and approved by the Government.

(c) Revenue from power sales

Revenue from power sales is recorded on the basis of a cyclical billing system. Hydro-Québec also takes into account power sold but not yet invoiced.

(d) Property and plant (see Note 5)

Property and plant, which includes production, transportation and distribution facilities as well as administrative and service centres, are recorded at cost. Materials, direct labour, and general engineering and administrative charges that apply to construction enter into the cost. Also included is interest charged to construction in progress, explained in (f) below. Acquisition, improvement and renovation costs are capitalized, while upkeep and repairs are charged to operations.

The cost of production facilities is posted to property and plant in operation, in proportion to the number of units completed and in service over the full number planned for a new installation, on the basis of projected current final cost, up to accumulated cost at the time of posting. The cost of transportation, distribution and other facilities is posted to property and plant in service when completed and in commercial operation.

(e) Depreciation

Hydro-Québec uses the sinking fund method to charge depreciation on its property and plant, based on an interest rate of 3% and estimated service life as follows:

Hydraulic powerhouses, dams and reservoirs, steel pylons and transmission lines	50 years
Powerhouse turbines and generators and distribution conductors	40 years
Nuclear power station, turbine, generator and reactor	30 years
Distribution line poles	25 years

(f) Interest posted to Construction work in progress

Hydro-Québec adds interest to the cost of construction under way at the weighted average rate on bonds it has issued to finance the work. The rate was 13.51% in 1983 and 13.07% in 1982. It takes into account exchange rate fluctuations affecting interest payments in foreign currency.

(g) Research and development

Preliminary engineering, research and survey costs incurred on a project before permission to build has been granted are charged to construction work in progress; no interest is charged prior to approval. If the project is abandoned, these charges are posted to operating expenditure. Hydro-Québec also assigns research and development costs not related to a specific project or having to do with new energy sources, to operations.

(h) Construction, operating and research equipment

This equipment is recorded at cost and depreciated according to the straight-line method over its anticipated service life. The cost of equipment used in building main generating facilities is charged to the item Construction work in progress.

(i) Materials, fuel and supplies

Hydro-Québec valuates its inventories of materials, fuel and supplies at average cost. Materials and supplies primarily serve in the building and upkeep of the distribution network.

(j) Investments

Both short and long-term investments are recorded at cost, which in the case of short-term investments approximates their current market value.

(k) Deferred cost on power purchase (unamortized)

Under the terms of a contract with Churchill Falls (Labrador) Corporation Limited (CFLCo) (see Note 10), Hydro-Québec absorbs those interest charges in excess of 5¼% on first mortgage bonds and over 6% on other CFLCo indebtedness. The portion of such payments prior to 1975 when power production from Churchill Falls reached its full potential, deferred to subsequent fiscal years, is amortized using the straight-line method over the life of the contract (40 years) and charged to Power purchase. This item also includes annual payments Hydro-Québec is required to make under the contract.

(l) Foreign currency conversion (see Note 7)

Long-term debt payable in foreign currency is shown on the consolidated financial statements in terms of Canadian dollars at the exchange rate in effect when borrowing took place. Elements of working capital in foreign funds, including that part of long-term debt due within a year, are expressed in Canadian dollars at the exchange rate in effect at year-end; unrealized gains and losses from such conversion are charged to operations under the item Interest. Gains and losses arising from currency exchange on bonds at maturity and redemption for the sinking fund are also posted to that item (see Note 4). Revenue and expenditure resulting from transactions in foreign exchange are recorded at the rate in effect when the transaction occurs.

(m) Debt redemption

Hydro-Québec invests almost all of its sinking funds in its own bonds, which are recorded at their par value, not corresponding necessarily to cost or market value. The resulting profit, less the unamortized discount and other charges, is posted to Interest (see Note 4). A bond series bought for the sinking fund of that series is then cancelled.

(n) Dividends

The amount of dividends declared by the Government (see Note 8) is subtracted from the retained earnings of that fiscal year.

(o) Pension plan

Plan costs are periodically established by independent actuaries. The cost of current service is charged to operations on an annual basis, as is that of past service and experience loss, which are amortized over a maximum fifteen-year period.

NOTES TO FINANCIAL STATEMENTS (cont'd)

at December 31, 1983

2 — POWER SALES

Power sales include $340 million ($293 million in 1982) to customers in the United States.

3 — TAXES

	1983	1982
	($ MILLIONS)	($ MILLIONS)
Tax on capital	108	98
Tax on gross revenue, as municipal tax on certain buildings	83	71
Real estate taxes	18	16
	209	185

4 — INTEREST

	1983	1982
	($ MILLIONS)	($ MILLIONS)
Interest on long-term debt	1 938	1 807
Interest on bank advances and notes payable	8	37
Amortization of bond discount and issue charges	19	17
Exchange loss	128	37
	2 093	1 898
Less:		
Interest charged to the item Construction work in progress	736	790
Net investment earnings	62	99
Net profit on bond redemption	18	38
	816	927
	1 277	971

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

5 — PROPERTY AND PLANT

	1983 ($ MILLIONS)			1982 ($ MILLIONS)		
	Property & Plant in Service	Accumulated Depreciation	Construction Work in Progress	Property & Plant in Service	Accumulated Depreciation	Construction Work in Progress
Power production:						
Hydroelectric	10 818	973	3 038	8 757	852	4 283
Nuclear	1 453	8				1 262
Other	318	85	5	316	75	3
	12 589	1 066	3 043	9 073	927	5 548
Transmission:						
Stations	1 923	200	380	1 590	171	335
Lines	3 228	301	363	2 917	267	395
	5 151	501	743	4 507	438	730
Distribution:						
Stations	720	114	75	684	104	71
Lines	2 070	331	83	1 850	299	82
	2 790	445	158	2 534	403	153
Other facilities:						
Administrative buildings	262	30	53	253	27	21
Sundry	577	160	38	409	184	56
	839	190	91	662	211	77
Total	21 369	2 202	4 035	16 776	1 979	6 508

6 — INVESTMENTS

	1983 ($ MILLIONS)	1982 ($ MILLIONS)
Churchill Falls (Labrador) Corporation Limited (CFLCo) (see Note 10)		
Bonds, general mortgage, 7½%, maturing from 1984 through 2010 (par value, $92 and $94 million respectively)	83	85
Common shares	34	34
	117	119
Sundry investments	10	8
	127	127

65.8% of CFLCo shares are held by Newfoundland and Labrador Hydro-Electric Corporation (a Crown corporation of the Province of Newfoundland) and 34.2% by Hydro-Québec. Hydro-Québec's share of CFLCo profit, dividends and retained earnings at December 31, 1983 details as follows:

	Profit ($ MILLIONS)	Dividends ($ MILLIONS)	Retained Earnings ($ MILLIONS)
Share of retained earnings at January 1, 1982			51
1982	10	8	2
1983	10	7	3
Share of retained earnings at December 31, 1983			56

Dividends are included in the item Net investment earnings (see Note 4).

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

7 - BONDS AND OTHER DEBT

Hydro-Québec's long-term debt, with the exception of capital lease contracts, is guaranteed by the Province of Québec.

The following table gives sinking fund requirements and the maturity schedule of long-term debt, in terms of Canadian dollars at the exchange rate in effect when borrowing took place:

	1983		1982	
Due	($ MILLIONS)	Interest rate, weighted average	($ MILLIONS)	Interest rate, weighted average
1983			377	
1984	1 030		985	
1985	961		839	
1986	1 198		1 185	
1987	1 688		1 672	
1988	1 069			
1- 5 yrs	5 946	11.38%	5 058	11.90%
6-10 yrs	5 125	11.57%	4 725	12.12%
11-15 yrs	1 460	9.14%	1 654	9.46%
16-20 yrs	1 989	10.16%	1 215	9.60%
21-25 yrs	1 976	10.81%	2 555	10.40%
26-30 yrs	888	11.89%	771	11.31%
31-35 yrs	99	12.75%	27	12.75%
	17 483*		16 005*	
Less: Due within a year	1 030		377	
	16 453		15 628	

* Of this amount, $119 million ($116 million in 1982) represents the current value of capital lease commitments for regional offices and service facilities over a 25-year period ending in 2007, capitalized at the rate of interest charged to Construction work in progress (see Note 1f).

Repayment schedules for debt in foreign currencies and their Canadian equivalent on the date of borrowing detail as follows:

	(MILLIONS OF UNITS)			1983 Total ($ MILLIONS)	1982 Total ($ MILLIONS)
	1984-1988	1989-2015	Total	1984-2015	1983-2015
Canadian dollars	2 046	4 334	6 380	6 380	5 680
U.S. dollars	2 798	5 343	8 141	9 118	8 649
Deutschemarks	532	690	1 222	591	510
Swiss francs	815	632	1 447	822	780
Japanese yen		20 000	20 000	80	80
Pounds sterling		150	150	307	121
ECUs	40	50	90	114	114
Dutch florins	15	135	150	71	71
				17 483	16 005

NOTES TO FINANCIAL STATEMENTS (cont'd)

at December 31, 1983

If the long-term debt payable in various currencies were translated into Canadian dollars at the year-end prevailing rates of exchange, it would show an increase of $867 million ($1 043 million in 1982).

Moreover, Hydro-Québec has two unused lines of credit for $500 000 000 in U.S. funds and $500 000 000 in Canadian currency. The first one runs until 1990 and bears interest at the London interbank offered rate (LIBOR), plus 1/2%. As for the latter, it may be converted in 1984 to a term loan for an additional period of six years at an interest rate subject to fluctuations in the prime rate of Canadian chartered banks.

Hydro-Québec has issued or committed itself to issue the following bonds after December 31, 1983:

Currency	Rate	Maturity	Millions of units
$US	13.25%	2013	15
$C	12.50%	1993	50

Hydro-Québec has also issued $25 million of medium-term notes in U.S. funds. Floating rate notes due in 1994 for a total of $US 200 million were issued to refinance a loan prior to maturity.

8 — DIVIDEND RESTRICTIONS

Hydro-Québec dividends are declared yearly by the Government which sets payment terms. For a given fiscal year, these may not be greater than the surplus available for distribution as defined below. This surplus equals 75% of net consolidated operating revenue and net investment earnings over the same fiscal year, less interest on long-term debt, on bank indebtedness and on notes payable as well as discount and issue charges on corporate debt instruments. Calculations are based on the consolidated financial statements.

No dividend whose effect would be to reduce Hydro-Québec capitalization below the rate of 25% at the end of the fiscal year may be declared. This rate is the ratio between the total amount of Hydro-Québec capital stock issued and paid-up, along with its retained earnings, less the dividend declared for that fiscal year, and the total amount of long-term debt, including notes payable, shares issued and paid-up, as well as retained earnings, less the dividend declared for that year.

The Government declares a dividend for a fiscal year within 30 days from the time Hydro-Québec provides financial information respecting the surplus available for distribution. After that period has passed, any available surplus not distributed as dividends may not be so assigned to the shareholder.

9 — PENSION PLAN

The pension plan for Hydro-Québec employees is a contributory plan with defined benefits guaranteed by the corporation. There were 19 103 contributing employees at December 31, 1983.

According to independent actuarial studies carried out in 1983, uncapitalized commitments to pay retirement benefits for past service, along with experience losses, are estimated to be $212 million in current dollars at December 31, 1981, compared to $481 million at December 31, 1980. The difference of $269 million is chiefly the result of an accounting change to the valuation of assets to bring this into line with the method of estimating plan commitments.

Plan costs amounting to $128 million for 1983 ($134 million in 1982) include that of current service as well as amortization of the cost of past service and experience losses.

The costs include $29 million for 1983 and $37 million for 1982 higher than that required according to the actuarial study whose conclusions were submitted in October 1983. These amounts, which had been recorded before the study was finalized, will be used to reduce future experience losses resulting from administrative decisions taken in 1982 and 1983.

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

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10 — COMMITMENTS, CONTIGENCIES AND CAPITAL SPENDING

Churchill Falls

In May 1969, Hydro-Québec signed a contract with Churchill Falls (Labrador) Corporation Limited (CFLCo) for the purchase of power, beginning in 1972, generated by a station with a rated capacity of 5 225 000 kilowatts erected at Churchill Falls, Labrador.

The agreement provided that CFLCo would sell virtually all the power generated at Churchill Falls to Hydro-Québec for a period of forty years starting September 1, 1976, except for 300 000 kilowatts which CFLCo could reserve for itself. The contract is automatically renewable for a further 25 years under terms specified in the original.

Hydro-Québec agreed to pay a part of interest charges on debt contracted by CFLCo to finance construction of the generating facility as well as a portion of exchange losses sustained on debt in U.S. currency. Subject to certain limitations and compensation measures, Hydro-Québec is required to buy power, whether it is used or not, and can also be held to provide further funds through the purchase of subordinated debentures and common stock if no other means of covering CFLCo expenditures and debt servicing were available.

In 1976, writs of summons and a statement of claim were served on CFLCo and Hydro-Québec in connection with court action launched before the Supreme Court of Newfoundland by the Attorney General of that province. The suit aims at obtaining a declaratory judgement giving Newfoundland the right, by virtue of the lease it granted to CFLCo, to request that CFLCo deliver to it 800 megawatts of power produced from the upper Churchill river as of October 1, 1983, a request the company is required to fulfill and which compliance shall not constitute a breach of the terms of the power purchase or financing agreement.

In the opinion of Hydro-Québec legal counsel, the validity of the energy agreement cannot be contested, nor can its terms, before the courts and, specifically, the aforementioned suit has no basis in law since it seeks a declaration that would negate rights acquired by Hydro-Québec. Hydro-Québec counsel presented a defense before the Supreme Court of Newfoundland. After hearing the case, the Court rejected the claim submitted by the Attorney General of Newfoundland, who has filed an appeal before the Newfoundland Court of Appeal.

In 1977, Hydro-Québec began proceedings before Superior Court in the district of Montréal to obtain a judgement confirming that the terms of the power purchase agreement give it the right to almost all the energy generated by the Churchill Falls facility and that failure on the part of CFLCo to sell or deliver such power would constitute a breach of contract. The Court handed down its decision in August 1983 in favour of Hydro-Québec which CFLCo has appealed before the Appeal Court of Québec. presently before the court.

In Decembre 1980, the Newfoundland Legislature passed The Upper Churchill Water Rights Reversion Act which if it were to take effect would abolish The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 giving CFLCo exclusive rights over the waters of the upper Churchill River, such that the rights this company has on these waters would be revoked and the hydroelectric installations defined in the Act become the property of Newfoundland. CFLCo would then be unable to meet its commitments to Hydro-Québec under the terms of the power contract between the two parties. The Act requires, however, that the matter be brought before the Newfoundland Court of Appeal for a ruling concerning the Legislature's competence in the area. The Act also stipulates that it will take effect upon proclamation which is not to apply before all right of appeal has been quashed or exercised. The Attorney General of Québec, Hydro-Québec and other interested parties have challenged the validity of the Act before the Newfoundland Court of Appeal which has since rendered a unanimous decision to the effect that this legislation is within the competence of the Province of Newfoundland. Hydro-Québec has appealed the ruling to the Supreme Court of Canada, which opened its hearing of the case in the last week of September 1982. The Court, on the request of the Attorney General of Newfoundland and supported by the appelants in the case, has agreed not to render its decision before March 31, 1984.

Hydro-Québec intends to take all appropriate steps to protect its rights under the terms of the agreement to purchase energy from CFLCo.

Agreements with Native peoples

Within the framework of construction work on Phase 1 of the La Grande complex, Hydro-Québec, the Société d'énergie de la Baie James, the Government of Québec and the Government of Canada have signed agreements with the James Bay Crees, the Inuit and the Naskapis for an estimated $340 million. The agreements provide for, among other things, the extinguishment of land claims by the Cree, Inuit and Naskapis over certain parts of Québec, including the area where the hydroelectric complex is located. Under these agreements, Hydro-Québec and the Société d'énergie de la Baie James are committed to pay $174 million without interest. Such amounts are charged to the cost of hydroelectric projects for the fiscal year when due: $85 million of this has been recored at December 31, 1983, $6 million will be posted in 1984 and $83 million from 1985 through 1996.

Capital spending

Hydro-Québec projects that spending on fixed assets will amount to $2 069 million during fiscal 1984.

HYDRO-QUÉBEC — PENSION FUND

AUDITORS' REPORT

Aux administrateurs,

We have examined the statement of assets of the Pension Fund for Hydro-Québec employees at December 31, 1983 and that of change in assets for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the assets of the Pension Fund at December 31, 1983 as well as their change for the fiscal year then ended according to widely accepted accounting principles, applied on a basis consistent with that of the previous year.

SAMSON BÉLAIR
Chartered Accountants

RAYMOND, CHABOT, MARTIN, PARÉ ET ASSOCIÉS
Chartered Accountants

Montréal, February 13, 1984.

HYDRO-QUÉBEC — PENSION FUND

ASSETS
as at December 31

($ MILLIONS)

	1983	1982
INVESTMENTS		
Hydro-Québec		
Bonds guaranteed by the Province of Québec	444	393
Bonds issued or guaranteed by the Province of Québec	247	227
Bonds issued or guaranteed by other provinces	19	9
Bonds issued by municipalities, school boards, cégeps, hospitals and universities	117	128
Bonds issued or guaranteed by the Government of Canada	190	95
Corporate bonds	46	43
(Par value of $1 064 million, market value of $1 017 million)	1 063	895
Common shares (market value of $4 million)	2	2
Other investments guaranteed by provinces (market value of $14 million)	14	
Cash and short-term investments	323	232
	1 402	1 129
ACCRUED INTEREST ON INVESTMENTS	31	31
RECEIVABLE FROM HYDRO-QUÉBEC	4	5
	1 437	1 165

ON BEHALF OF HYDRO-QUÉBEC

Joseph BOURBEAU
Guy COULOMBE

Montréal, March 21, 1984.

HYDRO-QUÉBEC — PENSION FUND

CHANGE IN ASSETS

for the fiscal year ended December 31

($ MILLIONS)

	1983	1982
ASSETS AT THE BEGINNING	1 165	904
Increase		
Current contributions		
Employees	35	34
Hydro-Québec	67	64
	102	98
Hydro-Québec contribution (Note 2)	48	58
Investment earnings	152	123
	302	279
	1 467	1 183
Decrease		
Benefits paid	30	18
ASSETS AT YEAR-END	1 437	1 165

NOTES TO FINANCIAL STATEMENTS

at December 31, 1983

1 — ACCOUNTING POLICIES

(a) The financial statements show only the assets of the Pension Fund for Hydro-Québec employees, not its capability of meeting pension plan commitments, which are guaranteed by Hydro-Québec.

(b) Investments are shown at cost, except for bonds which are shown at amortized cost.

(c) Contributions and investment earnings, as well as pension benefits, are recorded on the accrual basis.

2 — UNCAPITALIZED COMMITMENTS

According to independent actuarial studies whose conclusions were submitted in 1983, commitments with respect to pension benefits for past service and experience losses, which are not capitalized, are estimated in current dollars to be $212 million at December 31, 1981, as compared to $481 million at December 31, 1981. The decrease of $269 million is chiefly the result of a change to the valuation of plan assets so as to bring it into line with the method of determining plan commitments. Hydro-Québec amortizes these commitments over a maximum period of fifteen years.

INSTITUT NATIONAL DE PRODUCTIVITÉ

R.S.Q., c. I-13.1

AUDITOR'S REPORT

I have examined the balance sheet of the Institut national de productivité at March 31, 1984 as well as the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Institut at March 31, 1984 as well as its operating results for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, June 8, 1984.

INSTITUT NATIONAL DE PRODUCTIVITÉ

R.S.Q., c. I-13.1

BALANCE SHEET
as at March 31, 1984

	1984	1983
ASSETS		
Cash and term deposits	$311 836	$872 119
Accrued interest on term deposits	21 896	26 298
Accounts receivable	5 583	500
Prepaid charges	8 093	7 649
	$347 408	$906 566
LIABILITIES		
Bank loan — secured by term deposit	$85 828	
Accounts payable and accrued charges	51 402	$172 623
	137 230	172 623
SURPLUS		
Balance at the beginning	733 943	477 658
Surplus expenditure over subsidy and revenue for the year	523 765	(256 285)
Balance at year-end	210 178	733 943
	$347 408	$906 566

ON BEHALF OF THE INSTITUT

Raymond BACHAND, President
Claude MAJOR, Director general

INSTITUT NATIONAL DE PRODUCTIVITÉ

STATEMENT OF REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1984

	1984	1983
EXPENDITURE		
Wages, salaries, allowances and fringe benefits	$741 624	$649 817
Communications	66 044	87 747
Rent and upkeep	114 725	113 385
Administrative services	78 593	104 948
Office supplies	20 188	13 242
Projects and programs (Note 3)	615 366	496 250
Fixed assets:		
Furnishings	3 055	821
Office furniture	2 734	44 756
Leasehold improvements	1 687	53
	1 644 016	1 511 019
REVENUE		
Publications	38 673	4 829
Symposia	19 310	
Interest on term deposits	71 068	93 075
	129 051	97 904
SURPLUS EXPENDITURE OVER REVENUE	1 514 965	1 413 115
SUBSIDY FROM THE GOVERNMENT (Note 4)	991 200	1 669 400
SURPLUS EXPENDITURE OVER SUBSIDY AND REVENUE	$523 765	$(256 285)

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — CONSTITUTION AND PURPOSE

A corporation within the meaning of the Civil Code, the Institut national de productivité was founded by a special Act to inform the population and economic agents on the notion of productivity, in the context of the general economic situation and policies, of its importance and the role of the various factors influencing cooperation and concerted action in improving productivity.

2 — ACCOUNTING POLICIES

Institut financial statements were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

Fixed assets

The acquisition of office furniture and equipment is charged to operations, as are leasehold improvements.

Pension plan contribution

The contribution of the Institut as employer to the Government and Public Employees Pension Plan is made through the ministère de la Fonction publique and does not appear on the statement of revenue and expenditure.

3 — PROJECTS AND PROGRAMS

The cost incurred for publications is shown under the item "Projects and programs" on the statement of revenue and expenditure. The inventory of publications at March 31, 1984 amounts to $90 000 at selling prices, which is below their cost of production and not shown on the financial statements.

4 — SUBSIDY FROM THE GOVERNMENT

Under the Act founding the Institut, funds required to implement the Act are paid from annual appropriations voted by the Legislature for the ministère de l'Industrie, du Commerce et du Tourisme operating budget.

INSTITUT QUÉBÉCOIS DE RECHERCHE SUR LA CULTURE

R.S.Q., c. I-13.2

AUDITOR'S REPORT

I have examined the balance sheet of the Institut québécois de recherche sur la culture at March 31, 1984 as well as the statement of revenue and expenditure and that of equity for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Institut at March 31, 1984 as well as its operating results for the fiscal year then ended according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, May 30, 1984

INSTITUT QUÉBÉCOIS DE RECHERCHE SUR LA CULTURE

R.S.Q., c. I-13.2

BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
CURRENT ASSETS		
Cash	$10 998	
Term deposits and accrued interest	$127 356	
Accounts receivable	41 696	$9 175
Inventory	167 280	149 725
Work in progress	30 180	9 488
Prepaid expenses (Note 3)	27 850	31 270
Advance to Endowment Fund		4 243
	405 360	203 901
FIXED ASSETS (Note 4)	109 965	121 539
	$515 325	$325 440
ENDOWMENT FUND — balance (deficit) (Note 5)	$133 746	$(7 443)
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash		$3 931
Bank loan		$55 000
Accounts payable and accrued charges	$148 652	139 304
Deferred revenue	129 115	22 821
Owed the Endowment Fund	49 924	
	327 691	221 056
EQUITY	187 634	104 384
	$515 325	$325 440
ENDOWMENT FUND (Note 5)	$133 746	$(7 443)

COMMITMENTS (Note 8)

ON BEHALF OF THE INSTITUT

Georges LAMY
Nicole LAFLAMME

INSTITUT QUÉBÉCOIS DE RECHERCHE SUR LA CULTURE

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1984

	1984	1983
EXPENDITURE (Note 6)		
Research	$1 658 616	$1 650 276
Administration	289 621	275 823
	1 948 237	1 926 099
REVENUE		
Interest on term deposits	76 854	89 610
Sale of publications	53 215	32 844
Gifts	43 156	24 500
Other	43 262	4 431
	216 487	151 385
SURPLUS EXPENDITURE OVER REVENUE	1 731 750	1 774 714
SUBSIDIES FROM THE GOVERNMENT (Note 7)	1 815 000	1 815 000
SURPLUS REVENUE AND SUBSIDIES OVER EXPENDITURE	$83 250	$40 286

EQUITY
for the fiscal year ended March 31, 1984

	1984	1983
BALANCE AT THE BEGINNING	$104 384	$64 098
Surplus revenue and subsidies over expenditure	83 250	40 286
BALANCE AT YEAR-END	$187 634	$104 384

INSTITUT QUÉBÉCOIS DE RECHERCHE SUR LA CULTURE

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — CONSTITUTION AND PURPOSE

A corporation within the meaning of the Civil Code, the Institut québécois de recherche sur la culture was founded under a special Act to promote Québec's cultural development by undertaking, encouraging and supporting research and studies on the different aspects of cultural phenomena.

By regulation, the Institut created an Endowment Fund to hold sums received by donation, endowment, grant or other form of contribution for the purposes of assisting its development and defraying the costs of cultural research. Property of the Institut, the Fund's equity comes from business, institutions (other than Government departments and agencies) and individuals. Equity may not be withdrawn from the Fund. Only the Fund's earnings may be used for Institut ends.

2 — ACCOUNTING POLICIES

Inventory

Inventory consists of publications, which are valued at the costs of printing, copyright and graphics; wages, salaries, fees and other indirect production charges are excluded.

Work in progress

The item includes the cost of revising manuscripts and proofreading, fees, graphics and photography services for publications not yet completed.

Fixed assets

Fixed assets are recorded at cost and depreciated using the straight-line method over their estimated service life at the following rates:

	Service Life	Rate
Furniture, equipment and sign	10 yrs	10 %
Library	20 yrs	5 %

3 — PREPAID EXPENSES

	1984	1983
Rent	$23 774	$22 872
Contract advances		5 000
Other	4 076	3 398
	$27 850	$31 270

4 — FIXED ASSETS

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
Furniture	$91 388	$31 282	$60 106	$69 120
Library	9 466	1 793	7 673	7 847
Sign	937	187	750	844
Equipment	61 735	20 299	41 436	43 728
	$163 526	$53 561	$109 965	$121 539

5 — ENDOWMENT FUND

	1984	1983
Revenue		
Gifts	$80 765	$134 996
Institut contribution	63 206	23 057
	143 971	158 053
Expenditure		
Wages, salaries and fringe benefits		20 083
Fees	2 045	42 602
Travel and representation	453	5 210
Furnishings and supplies	284	8 757
Other		6 078
	2 782	82 730
Surplus revenue over expenditure	141 189	75 323
Deficit balance at the beginning	(7 443)	(82 766)
Balance (deficit) at year-end*	$133 746	$(7 443)
* Itemized as:		
Cash	$11 828	(102)
Term deposits and accrued interest	66 542	
Accounts receivable	5 452	
Owed by the Institut	49 924	(4 243)
Accounts payable		(3 098)
	$133 746	$(7 443)

The Institut statement of revenue and expenditure does not cover the operations of the Endowment Fund.

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

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6 — EXPENDITURE

	1984		1983	
	Research	Administration	Research	Administration
Wages, salaries and fringe benefits	$1 110 433	$161 936	$1 211 613	$179 615
Researchers' fees	162 831		188 600	
Research documentation	2 432		5 862	
Travel and representation	55 727	28 033	49 031	18 270
Furnishings and supplies	87 961	18 977	62 364	15 591
Upkeep and repairs	12 221	3 055	13 642	3 411
Rent	113 768	28 442	105 225	26 306
Light and heat	6 001	1 500	3 771	943
Telephone	24 319	6 080	26 959	6 739
Depreciation of fixed assets	12 703	3 176	12 371	3 093
Taxes and insurance	3 951	988	2 482	620
Professional fees		16 844		8 996
Publications	48 906		36 354	
Miscellaneous		4 187		2 899
Interest		3 762		4 729
Contribution to Endowment Fund	50 565	12 641	18 446	4 611
	1 691 818	289 621	1 736 720	275 823
Government of Canada grant	33 202		86 444	
	$1 658 616	$289 621	$1 650 276	$275 823

7 - SUBSIDIES FROM THE GOVERNMENT

Gouvernement du Québec subsidies serve to cover administration and any expenses incurred by the Institut to implement its founding Act.

8 - COMMITMENTS

At March 31, 1984, minimal payments for space rental under long-term leases detail as follows:

1985	$114 673
1986	120 944
1987	91 543
1988	7 500
	$334 660

INSTITUT QUÉBÉCOIS DU CINÉMA

R.S.Q., c. C-18

AUDITOR'S REPORT

I have examined the statement of assets and liabilities of the Institut québécois du cinema at February 19, 1984 as well as the statement of revenue, expenditure and deficit for the period April 1, 1983 to February 19, 1984. My examination was made in accordance with generally accepted auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Institut québécois du cinema at February 19, 1984 as well as its operating results for the period April 1, 1983 to February 19, 1984 according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, April 30, 1984.

INSTITUT QUÉBÉCOIS DU CINÉMA

R.S.Q., c. C-18

ASSETS AND LIABILITIES

as at February 19, 1984

	February 19, 1984	March 31, 1983
ASSETS		
Cash and short-term deposits	$1 095 160	$1 731 825
Accrued interest on term deposits	15 631	2 023
Accounts receivable	23 643	14 132
Building acquired in settlement of account (Note 3)	175 000	175 000
	$1 309 434	$1 922 980
LIABILITIES		
Accounts payable and accrued charges	$95 776	$64 988
Payable under aid programs	1 595 438	1 593 188
Balance owed on building acquired in settlement of account (Note 3)	77 087	78 944
	1 768 301	1 737 120
DEFICIT (SURPLUS)	458 867	(185 860)
	$1 309 434	$1 922 980

CONTINGENCIES (Note 7)

ON BEHALF OF THE BOARD

Claude GODBOUT
Marcel VENNE

INSTITUT QUÉBÉCOIS DU CINÉMA

REVENUE, EXPENDITURE AND DEFICIT

for the period April 1, 1983 to February 19, 1984

	1984 (10½ mos.)	1983 (12 mos.)
REVENUE		
Transfer of surplus revenue over expenditure from the previous year	$185 860	$558 965
Service contract — ministère des Affaires culturelles du Québec	4 000 000	4 000 000
Interest on term deposits	58 428	120 062
Cancellation of aid programs for prior years	22 942	241 212
Return in investment under aid programs:		
Capital refunded	390 587	875 295
Revenue collected	59 879	74 297
Miscellaneous	20 741	14 227
	4 738 437	5 884 058
EXPENDITURE		
Aid programs (Note 4)		
Production	3 357 201	2 819 235
Promotion and distribution	275 891	1 018 933
Operations	31 396	209 391
Screenplays	422 967	454 030
Special projects	198 894	219 431
	4 286 349	4 721 020
Administrative expenses (Note 5)	910 955	977 178
	5 197 304	5 698 198
NET LOSS AND DEFICIT (SURPLUS) (Note 1)	$458 867	$(185 860)

INSTITUT QUÉBÉCOIS DU CINÉMA

NOTES TO FINANCIAL STATEMENTS
at February 19, 1984

1 — CONSTITUTION AND SCOPE OF ACTIVITY

A corporation within the meaning of the civil Code, the Institut québécois du cinéma was founded under the Act respecting the cinema to promote the development of the film industry in Québec by means of grants, loans, advances, financial participation and loan guarantees under aid programs approved by the terms of an agreement with the Minister of Cultural Affairs. The contract defines the areas of Institut activity for the term of the agreement, sets limits on staffing and financial commitments and the steps it may take to carry out its mandate.

The present Institut will be replaced by a new Institut québécois du cinéma and the Société générale du cinéma. Pursuant to section 208 of chapter 37 of the Statutes of Québec, 1983, which comes into force on February 20, 1984 by proclamation, the Société acquires the rights and assumes the obligations of the Institut founded under the Act respecting the cinema (R.S.Q., c. C-18) (refer to the bottom of the page).

2 — ACCOUNTING POLICIES

Institut financial statements were prepared by management, given the framework and relative importance of accounting practice summarized as follows:

Fixed assets

The purchase of furniture and equipment is charged to operations, as are leasehold improvements.

Aid programs

Grants, loans, advances and financial participation are charged to expenditure when the applicant formally accepts financial assistance. Loan guarantees are shown as contingent liabilities; when the loss on a loan guarantee can be ascertained, it is charged to expenditure.

Revenue

The return (capital and earnings) on loans, advances and capital participation is posted to revenue when received.

3 — BUILDING ACQUIRED IN SETTLEMENT OF ACCOUNT

In 1982, the Institut became owner of a building following a court decision. Professional evaluators set the worth of this asset at $175 000 in 1980. No depreciation has been charged, since the institut intends to divest itself of the building.

The mortgage loan on the building acquired in settlement of account, bearing annual interest of 11¾% and payable in monthly installments of $1 497 that include capital and interest, comes due November 1, 1984. Net rental income from management of the building is recorded as return on investment.

4 — AID PROGRAMS

Financial assistance granted by the Institut during the year under the terms of an agreement with the Minister of Cultural Affairs took the form of:

	1984	1983
	(10½ mos.)	(12 mos.)
Grants	$268 523	$667 615
Investments		
Loans and guarantees	165 150	400 272
Advances	270 158	428 890
Capital participation	3 582 518	3 224 243
	4 017 826	4 053 405
	$4 286 349	$4 721 020

5 — ADMINISTRATIVE EXPENSES

	1984	1983
	(10½ mos.)	(12 mos.)
Directors' fees	$28 897	$31 027
Wages, salaries and fringe benefits	434 184	524 443
Professional fees	84 867	56 858
Travel	17 655	22 262
Office	87 398	92 933
Upkeep and repairs	11 813	9 250
Advertising and public relations	40 602	34 428
Furnishings and supplies	23 350	22 911
Communications	25 031	26 179
Equipment rental	8 381	14 163
Furniture, fixtures and leasehold improvements	3 575	4 725
Interest charges	15 564	476
Film approval	7 860	
Miscellaneous	37 422	604
	826 599	840 259
Aid programs:		
Jury fees	63 647	75 041
Film festivals	15 740	20 937
Film library	4 969	5 907
Information office abroad		35 034
	84 356	136 919
	$910 955	$977 178

6 — LONG-TERM LEASE

The institut is committed under the terms of lease expiring September 30, 1991 for office space. Minimum annual rent and a share of attendant charges over the next five years amounts to $94 000.

7 — CONTINGENT LIABILITIES

At February 19, 1984 the Institut bore a contingent liability of $190 000 covering loan guarantees granted under aid programs. The bank holds Institut term deposits in that amount as security covering these liabilities.

Financial statements of the Société générale du cinéma are published on pages 387 through 390.

LOTO-QUÉBEC

R.S.Q., c. S-13.1

AUDITOR'S REPORT

I have examined the balance sheet of Loto-Québec at March 31, 1984, as well as the consolidated statements of operating results, retained earnings, and change in financial position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of Loto-Québec 31, 1984, its operating results and change in its financial position for the fiscal year then ended according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, May 24, 1984.

LOTO-QUÉBEC

R.S.Q., c. S-13.1

CONSOLIDATED BALANCE SHEET

as at March 31, 1984
($ THOUSANDS)

	1984	1983
		(Note 15)
ASSETS		
CURRENT ASSETS		
Cash	11 065	11 087
Advance — subsidiary, Lotim Inc. (Note 3)	1 253	
Accounts receivable (Note 4)	11 466	14 155
Prepaid expenses	3 734	5 227
	27 518	30 469
INVESTMENTS		
Wholly-owned subsidiary (Note 5)		
FIXED ASSETS (Note 6)	51 047	20 924
ASSETS HELD UNDER CAPITAL LEASE CONTRACTS (Note 7)	4 470	
	83 035	51 393
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness		1 000
Winnings payable	7 156	7 674
Accounts payable and accrued charges	24 260	8 440
Provision for bonus winnings (Note 8)	3 430	1 593
Deferred income — lottery tickets	14 665	21 625
	49 511	40 332
COMMITMENTS UNDER CAPITAL LEASE (Note 7)	4 343	
SHAREHOLDER EQUITY		
Authorized share capital issued and paid-up:		
1 700 shares at $100 par value	170	170
Retained earnings	29 011	10 891
	29 181	11 061
	83 035	51 393

COMMITMENTS (Note 13)
CONTINGENT LIABILITY (Note 14)

ON BEHALF OF THE BOARD

Jean-Marc LAFAILLE
Jacques DESMEULES

LOTO-QUÉBEC

CONSOLIDATED STATEMENT OF OPERATING RESULTS

for the fiscal year ended March 31, 1984
($ THOUSANDS)

	1984	1983 (Note 15)
SALES — Lottery tickets (Note 9)	662 177	541 411
COST OF SALES		
Winnings (Note 9)	304 682	252 592
Discounts to retailers	37 518	31 207
Printing of tickets	17 306	16 961
	359 506	300 760
GROSS EARNINGS	302 671	240 651
ADMINISTRATIVE EXPENSE		
Advertising and communications	15 020	15 260
Distribution and sales	16 867	16 117
Data processing	16 635	22 262
Administration	14 327	11 113
Depreciation of fixed assets	8 318	5 818
	71 167	70 570
Interest earnings — net (Note 10)	1 276	2 576
	69 891	67 994
SURPLUS BEFORE THE FOLLOWINGS ITEMS:	232 780	172 657
Payments to the Government of Canada as compensation for withdrawal from the field of lotteries (Note 11)	9 217	8 965
Special commissions to non-profit agencies (Note 12)	443	277
	9 660	9 242
NET PROFIT	223 120	163 415

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the fiscal year ended March 31, 1984
($ THOUSANDS)

	1984	1983
BALANCE AT THE BEGINNING	10 891	9 476
Net profit for the year	223 120	163 415
	234 011	172 891
Dividend to the Minister of Finance	205 000	162 000
BALANCE AT YEAR-END	29 011	10 891

LOTO-QUÉBEC

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1984
($ THOUSANDS)

	1984	1983 (Note 15)
SOURCE OF FUNDS		
Net profit for the year	223 120	163 415
Depreciation of fixed assets	8 318	5 818
Earnings from operations	231 438	169 233
Proceeds from the disposal of fixed assets	5 472	281
Commitments under capital lease contracts	4 343	
Investment in a wholly-owned subsidiary		1 057
	241 253	170 571
APPLICATION OF FUNDS		
Dividend to the Minister of Finance	205 000	162 000
Acquisition of fixed assets	42 796	8 190
Acquisition of assets held under capital lease contracts	5 587	
Winnings payable by instalment		800
	253 383	170 990
CURRENT LIABILITIES OVER CURRENT ASSETS		
Increase during the year	12 130	419
Balance at the beginning	9 863	9 444
Balance at year-end	21 993	9 863

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

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1 — CONSTITUTION AND SCOPE OF ACTIVITY

The Société des loteries et courses du Québec, or Loto-Québec, is a joint-stock company whose shares are held by the government. Under its founding act, Loto-Québec is charged with operating and administering lotteries.

2 — MAJOR ACCOUNTING POLICIES

The financial statements of Loto-Québec were prepared by management according to widely accepted accounting principles, given the framework and relative importance of accounting practice summarized as follows:

Consolidation

The consolidated financial statements of Loto-Québec include the accounts of its wholly owned subsidiary Lotim Inc. at December 31, 1983.

The audited financial statements of Lotim Inc. for the seven-month period ended December 31, 1983 have been consolidated with those of Loto-Québec.

Loto-Québec's equity in the wholly owned subsidiary S.O.D.I.C. Québec Inc. is recorded at its cost of acquisition since the subsidiary's net equity is unlikely to be recovered by Loto-Québec.

Fixed assets

Fixed assets are recorded at cost and depreciated according to the straight-line method at the following annual rates:

Building*	2%
Office furniture	10%
Equipment	20% and 12½%
Furnishings and leasehold improvements	20% and 10%
Rolling-stock	30%

*Owned jointly with Immeubles Cadimont Inc.

Assets held under capital lease contracts

Assets on the books under capital lease are recorded at their cost of acquisition and depreciated according to the straight-line method. Commitments under such contracts are shown at the current value of minimal payments to be made.

Revenue

Gross revenue from the sale of lottery tickets is recorded on the date the draw is held, with instant-draw tickets entered at the time of sale.

Lottery tickets sold on March 31st for later draws generate revenue which is posted to deferred income, with discounts to retailers posted to prepaid expenses.

3 — ADVANCE — SUBSIDIARY, LOTIM INC.

An advance covering the period January to March 31, 1984 was made to the wholly owned subsidiary Lotim Inc.

4 — ACCOUNTS RECEIVABLE

	1984	1983
	($ THOUSANDS)	($ THOUSANDS)
Ticket retailers	3 851	2 329
Wholesale distributors	3 959	6 321
Société de la Loterie Interprovinciale Inc.	2 755	5 337
Sundry	901	168
	11 466	14 155

Loto-Québec holds promissory notes redeemable on demand or IOU's for advances to ticket wholesalers, with bank guarantees covering all or part of these advances.

5 — INVESTMENT

At March 31, 1984, Loto-Québec held all S.O.D.I.C. Québec Inc. common shares at a par value of $10. The audited financial statements of S.O.D.I.C. Québec Inc. at March 31, 1984 show a book value of $2 345 240 ($1 599 907 at March 31, 1983).

6 — FIXED ASSETS

	1984			1983
	Cost	Accumulated depreciation	Net	Net
	($ THOUSANDS)	($ THOUSANDS)	($ THOUSANDS)	($ THOUSANDS)
Land*	2 500		2 500	330
Building*	15 456	155	15 301	3 126
Leasehold improvements and furnishings	6 035	568	5 467	1 1441
Equipment	44 099	18 295	25 804	14 143
Office furniture and rolling-stock	2 980	1 005	1 975	1 884
	71 070	20 023	51 047	20 924

*Owned jointly with Immeubles Cadimont Inc.

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

7 — ASSETS HELD UNDER CAPITAL LEASE CONTRACTS

	1984		
	Cost	Accumulated depreciation	Net
	($ THOUSANDS)	($ THOUSANDS)	($ THOUSANDS)
Data-processing equipment	5 587	1 117	4 470

The following table shows minimal payments to be made after March 31, 1984 under capital lease arrangements and the current value of commitments under their terms.

Fiscal year:

	($ THOUSANDS)
1985 to 1988 — 1 684 × 4 yrs	6 736
1989	322
Total minimal payments	7 058
Less: interest at 17½%	1 821
	5 237
Less: current payments	894
Commitments under capital lease contracts	4 343

8 — PROVISION FOR BONUS WINNINGS

Unclaimed Mini-Loto and Inter-Loto winnings are posted to a provision for later bonus distribution.

9 — TICKET WINNINGS

In addition to cash winnings, Loto-Québec distributes free tickets to certain winners. At March 31, 1984, the retail value of such tickets amounted to $22 817 000 ($25 533 000 at March 31, 1983). As of 1984, free tickets are included under distributed winnings while they were formerly subtracted from sales.

10 — INTEREST REVENUE

	1984	1983
	($ THOUSANDS)	($ THOUSANDS)
Interest on bank deposits	2 288	2 576
Less: interest on capital lease commitments	1 012	
	1 276	2 576

11 — PAYMENTS TO THE GOVERNMENT OF CANADA AS COMPENSATION FOR WITHDRAWAL FROM THE FIELD OF LOTTERIES

Under the terms of the agreement reached between the provincial governments and the federal government concerning the latter's withdrawal from the field of lotteries, the provinces pay twenty-four million 1979 dollars annually as compensation. Québec's share is calculated on the basis of net sales revenue from the Super-Loto in Quebec and the Provincial, payable by the Société according to the agreement reached between the provinces and regional lottery corporations. For fiscal 1984-1985, the Société will have to pay approximately $10 million as its contribution.

12 — SPECIAL COMMISSIONS TO NON-PROFIT AGENCIES

In accordance with a shareholder decision, there is a commission equal to the discount for ticket retailers paid to non-profit organizations selling tickets through the LOTOMATIQUE subscription system.

13 — COMMITMENTS

Long-term leases for office space through December 1989: the leases include a renewal option after five years.

Rental expense for the fiscal year ended March 31, 1984 amounts to $2 180 781.

Minimum rent over the next five fiscal years breaks down as follows:

	($ THOUSANDS)
1984-85:	2 303
1985-86:	2 106
1986-87:	2 096
1987-88:	1 918
1988-89:	1 551

14 — CONTINGENT LIABILITY

An adjustment clause in included in the contract for purchase of a building by the wholly owned subsidiary Lotim Inc. Under its terms, the purchase price may be increased by up to $7 million to a total price of $42 000 000, plus a third of any amount exceeding $45 million. Lotim Inc. must assume half of any such increase. The contingent liability pursuant to that clause is undetermined at March 31, 1984.

15 — COMPARATIVE FIGURES

Certain data from the 1983 financial statements were reclassified for purposes fo the 1984 presentation.

OFFICE DE LA CONSTRUCTION DU QUÉBEC

R.S.Q., c. R-20 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the General Revenue Fund and of the trust funds of the Office de la construction du Québec at December 31, 1983 as well as the following statements for the fiscal year then ended:

General Revenue Fund
  Revenue and expenditure and balance of the Fund
  Change in financial position

Trust funds
  Change in assets of the:
  Holiday and Vacation Pay Fund,
  Back Pay Fund,
  Employer Dues Fund,
  Union Dues Fund,
  Contribution to Corvée-Habitation
  Change in Special Compensation Fund net equity
  Change in net equity of Fringe Benefit Plan Funds.

My examination was made in accordance with generally accepted auditing standards, and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion these statements accurately present the financial situation of the funds of the Office de la construction du Québec at December 31, 1983, as well as the operating results and change in financial position of the General Revenue Fund and the change in assets or net equity of the trust funds for the fiscal year then ended, according to the accounting principles in Note 2 applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, May 31, 1984.

OFFICE DE LA CONSTRUCTION DU QUÉBEC

R.S.Q., c. R-20 and amendments

ACTUARIAL OPINION

concerning the supplemental pension plan for employees of the construction industry in Québec, as part of an actuarial report dated May 31, 1984

The plan was valuated at January 1, 1983 on the basis of data we consider sufficient and reliable for valuation purposes.

In our opinion,

(a) the plan was fully funded at january 1, 1983 and showed surplus assets, as adjusted, in the amount of $196 271 000 over commitments according to base rates for pensions and supplemental benefits set by the Office under its by-law of June 17, 1982;

(b) based on pension rates set by by-law and in force at December 31, 1983, we consider that the adjusted value of assets remains superior to plan commitments and total contributions required under the by-law are sufficient to fund commitments for the following fiscal year;

(c) on the basis of the foregoing assumptions, the amount that may be transferred from the general account to the pension account for payments to contributors or surviving family members as of 1982, including interest accrued to December 31, 1982, comes to $105 549 000 at January 1, 1983.

The actuarial opinion is, in our view, based on a valuation founded on adequate assumptions that make use of sound actuarial principles.

Respectfully submitted for your consideration,

Dolorès PAGE, F.S.A., F.I.C.A.
Yves GUÉRARD, F.S.A., F.I.C.A., F.C.A.

Montréal, May 31, 1984

OFFICE DE LA CONSTRUCTION DU QUÉBEC

R.S.Q., c. R-20 and amendments

ACTUARIAL OPINION

concerning basic insurance plans for employees of the construction industry in Québec, as part of an actuarial report dated May 31, 1984

Commitments at December 31, 1983 of the basic plans were valuated according to data provided by the Office and assuming net assets of $28 044 000 on that date.

In our opinion,

(a) total commitments at December 31, 1983 of the basic insurance plans, including a provision for projected guarantees over the next six months covering hours worked prior to December 31, 1983 in accordance with section 127 (a), are $5 770 000 higher than net plan assets;

(b) the shortfall may be eliminated and solvency restored over the next three years either by reducing the guarantees offered or by increasing premiums, or by a combination of both.

The actuarial opinion is, in our view, based on a valuation founded on adequate assumptions that make use of sound actuarial principles.

Respectfully submitted for your consideration,

Jean-Guy CÔTÉ, A.S.A.
Yves GUÉRARD, F.S.A., F.I.C.A., F.C.A.

Montréal, May 31, 1984

THE FUNDS

General Revenue Fund

Fund accounts serve to apply the collective agreement or any Order in Council adopted under the Act respecting labour relations in the construction industry, including any supplemental fringe benefit plan or other measure assigned by the Act.

The Fund also serves to handle construction industry employees' accounts receivable and payable by employers under regulations. The Fund does not make provision for covering employee claims against employers where liability has not been determined and legal procedures have been instituted.

Trust funds

Holiday and Vacation Pay Fund

This fund keeps account of paid holidays and annual vacation pay as well as interest earned on behalf on employees of the construction industry, under sections 20.06 and 20.07 of the construction industry Decree.

Back Pay Fund

This fund keeps account of claims made by the Office on behalf of construction industry employees under section 81 of the Act.

Employer Dues Fund

This fund keeps account of employer contributions on behalf of the Association des entrepreneurs en construction du Québec under section 40 of the Act.

Union Dues Fund

This fund keeps account of union contributions on behalf of construction industry employees under section 38 of the Act.

Contribution to Corvée-Habitation

This fund keeps account of construction industry employer and employee contributions to the Corvée-Habitation program under sections 2 and 6 of the Act to promote housing construction.

Special Compensation Fund

This fund keeps account of employer dues to compensate employees for loss of wages and fringe benefits as a result of employer insolvency or when called upon for juror duty, in accordance with section 31.01 of the construction industry Decree.

Supplement fringe benefit plan funds

These funds were created under the the regulation concerning supplemental fringe benefits in the construction industry so as to provide funding for pension and insurance commitments of the plans.

Pension plan

A pension fund was established to keep account of employer and employee contributions and fund benefits payable under the pension plan.

Assets and commitments of the pension plan to contributors are broken down according to a general and supplemental account.

The pension contributions of employers and employees go to the general account while the additional contributions of electricians and painters and their employers are held by the supplemental account.

These accounts provide funding for lump-sum retirement benefits and pay death or severance benefits as well as the amount that may be transferred to pensioners' accounts for payment of annuities.

The assets and commitments of the pension plan with respect to current pension benefits payable from the general and supplemental account must be grouped into a separate pensioners' account according to the aforementioned regulation. When commitments are transferred to the pensioners' account from another, assets are also transferred to provide for the payment of benefits. Revenue on its assets is paid into the account as well.

The commitments and assets of the pensioners' account are not shown separately on the statements for fiscal 1983; they are grouped in with the general account. As of January 1, 1984, the pensioners' account will be presented separately.

Groupe insurance

A group insurance fund was established to handle premiums and fund the payment of benefits and compensation under the insurance plans as well as premiums required to keep in force any insurance contract subscribed by the Office for supplemental fringe benefits plans.

A supplemental insurance fund was established to handle electricians' supplemental premiums and to fund the payment of supplemental insurance plan premiums and expenses.

OFFICE DE LA CONSTRUCTION DU QUÉBEC

R.S.Q., c. R-20 and amendments

GENERAL REVENUE FUND

BALANCE SHEET
as at December 31, 1983
($ THOUSANDS)

	1983	1982
		(Note 12)
ASSETS		
CURRENT ASSETS		
Investments and accrued interest (Note 3)	$1 908	$5 622
Grand receivable	2 216	1 531
Dues receivable from employers	1 016	804
Accounts receivable (Note 4)	1 155	1 015
Prepaid expenses	188	198
	6 483	9 170
FIXED ASSETS (Note 5)		
At cost	7 123	6 872
Accumulated depreciation	3 061	2 731
	4 062	4 141
	10 545	13 311
LIABILITIES AND FUND BALANDE		
CURRENT LIABILITIES		
Outstanding cheques less cash		507
Owed to trust funds	5 429	4 615
Accounts payable and accrued charges	1 716	2 411
Undistributed investment earnings	215	64
Deposits and overcontributions	74	213
	7 434	7 810
FUND BALANCE	3 111	5 501
	10 545	13 311

ON BEHALF OF THE OFFICE
Alcide FOURNIER
Chairman

Hugues FERRON
Secretary

OFFICE DE LA CONSTRUCTION DU QUÉBEC

GENERAL REVENUE FUND

REVENUE, EXPENDITURE AND FUND BALANCE
for the fiscal year ended December 31, 1983
($ THOUSANDS)

	1983	1982
REVENUE		(Note 12)
Employer and employee dues	12 175	11 898
Fines and penalties	991	1 028
Gouvernement du Québec grand	6 216	5 531
Investment earnings	128	796
Other	221	191
	19 731	19 444
EXPENDITURE		
Employee remuneration and personnel management	20 570	21 027
Administrative expenses	6 974	7 797
Professional development	75	102
Advertising and public relations	114	162
Premises	1 220	1 278
Depreciation of fixed assets	330	219
Bad claims	225	(250)
	29 508	30 335
SURPLUS EXPENDITURE OVER REVENUE BEFORE THE FOLLOWING:	9 777	10 891
Expenses charged to supplemental fringe benefit plans	5 020	5 195
Trust funds used for Office administration:		
Transfer of interest — Holiday and Vacation Pay Fund	2 190	2 908
Transfer of unidentified compensation, from more than three prior years (Notes 6 and 7)	177	306
	7 387	8 409
SURPLUS EXPENDITURE OVER REVENUE	2 390	2 482
FUND BALANCE AT THE BEGINNING	5 501	7 983
FUND BALANCE AT YEAR-END	3 111	5 501

OFFICE DE LA CONSTRUCTION DU QUÉBEC

GENERAL REVENUE FUND

CHANGE IN FINANCIAL POSITION
for the fiscal year ended December 31, 1983
($ THOUSANDS)

	1983	1982
SOURCE OF FUNDS		
Disposal of fixed assets		52
	—	52
APPLICATION OF FUNDS		
Surplus expenditure over revenue	2 390	2 482
Items requiring no outlay:		
Depreciation of fixed assets	330	219
Loss on disposal of fixed assets		16
Funds for operations	2 060	2 247
Acquisition of furniture and equipment	251	63
	2 311	2 310
DECREASE IN WORKING CAPITAL	2 311	2 258
WORKING CAPITAL AT THE BEGINNING	1 360	3 618
WORKING CAPITAL (DEFICIT) AT YEAR-END	(951)	1 360

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

BALANCE SHEET
as at December 31, 1983
($ THOUSANDS)

	Holiday and Vacation Pay	Back Pay
ASSETS		
Investments and accrued interest (Note 3)	81 369	
Due from (owed to) General Revenue Fund	(124)	215
Accounts receivable	23	
	81 268	215
LIABILITIES AND NET EQUITY		
Outstanding cheques less cash	68	
Accounts payable	211	
Claims received payable to unidentified employees (Note 7)		38
Claims payable to employees		177
Compensation payable to unidentified employees or unclaimed (Note 6)	331	
Holiday and vacation pay and interest payable to employees	80 658	
Compensation payable to employees following employer insolvency		
Unidentified dues to refund		
Corvée-Habitation contributions to remit		
Dues to refund		
Net equity		
	81 268	215

ON BEHALF OF THE OFFICE

Alcide FOURNIER, Chairman

Hugues FERRON, Secretaire

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

BALANCE SHEET
as at December 31, 1983
($ THOUSANDS)

Employer Dues	Union Dues	Corvée-Habitation Contributions	Special Compensation	Total	
				1983	1982
					(Note 12)
				81 369	78 529
984	521	3 560	1 015	6 171	5 490
				23	51
984	521	3 560	1 015	87 563	84 070
				68	218
				211	221
				38	33
				177	195
				331	363
				80 658	77 357
			65	65	176
	113			113	75
		3 560		3 560	3 070
984	408			1 392	888
			950	950	1 474
984	521	3 560	1 015	87 563	84 070

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

CHANGE IN ASSETS OR NET EQUITY
for the fiscal year ended December 31, 1983
($ THOUSANDS)

	Holiday and Vacation Pay	Back Pay
SOURCE OF FUNDS		
Contributions and indemnities for holidays and vacations	110 287	
Claims collected		1 334
Dues collected		
Employer dues collected		
Employee dues collected		
Compensation recovered		
Investment earnings	8 759	
Increase in accounts receivable		
	119 046	1 334
APPLICATION OF FUNDS		
Payments to employees:		
Holiday and vacation pay	106 561	
Interest	6 806	
Compensation following insolvency		
Compensation for juror duty		
Claims		1 390
Payments to employees		
Refund of dues and contributions		
Transfer to the General Revenue Fund:		
Interest	2 190	
Compensation collected and payable to unidentified employees or unclaimed after more than three years (Note 6)	220	
Claims collected and payable to unidentified employees after more than three years (Note 7)		(43)
Decrease in accounts payable	607	
Decrease in amount owed the General Revenue Fund		
Decrease in unidentified dues		
	116 384	1 347
INCREASE (DECREASE)	2 662	(13)
FUND ASSETS AT THE BEGINNING OF THE YEAR	78 606	228
NET EQUITY AT THE BEGINNING		
FUND ASSETS AT YEAR-END	81 268	215
NET EQUITY AT YEAR-END		

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

CHANGE IN ASSETS OR NET EQUITY

for the fiscal year ended December 31, 1983
($ THOUSANDS)

Employer Dues	Union Dues	Corvée-Habitation Contributions	Special Compensation	Total	
				1983	1982
				110 287	111 836
				1 334	1 799
4 267	14 536		1 345	20 148	19 190
		6 750		6 750	1 420
		8 158		8 158	3 496
			417	417	486
				8 759	13 847
					330
4 267	14 536	14 908	1 762	155 853	152 404
				106 561	135 062
				6 806	12 509
			2 271	2 271	1 812
			15	15	21
				1 390	1 719
3 996	14 274	14 418		32 658	19 971
				2 190	3 074
				220	309
				(43)	(3)
				607	46
					11
	21			21	259
3 966	14 295	14 418	2 286	152 696	174 610
301	241	490	(524)	3 157	(22 206)
683	280	3 070		82 867	104 863
			1 474	1 474	1 684
984	521	3 560		85 548	82 867
			950	950	1 474

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS
SUPPLEMENTAL FRINGE BENEFITS
BALANCE SHEET
as at December 31, 1983
($ THOUSANDS)

	PENSION PLAN	
	General account	Supplemental account
ASSETS		
Investments and accrued interest (Note 3)	17 758	3 334
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 8)	1 279 342	22 908
	1 297 100	26 242
LIABILITIES AND NET EQUITY		
Owed the General Revenue Fund	742	
Outstanding cheques less cash	25	
Accounts payable	546	
Unused optional insurance premiums		
Actuarial reserve (Note 9)	1 295 787	26 242
Net equity	1 297 100	26 242

ON BEHALF OF THE OFFICE

Alcide FOURNIER, Chairman

Hugues FERRON, Secretary

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

SUPPLEMENTAL FRINGE BENEFITS

BALANCE SHEET

as at December 31, 1983

($ THOUSANDS)

INSURANCE PLANS		Total	
Basic plan	Additional plan	1983	1982
			(Note 12)
28 517	867	50 476	51 597
		1 302 250	1 181 822
28 517	867	1 352 726	1 233 419
		742	875
		25	149
261		807	503
212		212	229
33 814	6	33 820	23 315
(5 770)	861	1 317 120	1 208 348
28 517	867	1 352 726	1 233 419

OFFICE DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS
SUPPLEMENTAL FRINGE BENEFITS
CHANGE IN NET EQUITY
for the fiscal year ended December 31, 1983
($ THOUSANDS)

	PENSION PLAN	
	General account	Supplemental account
SOURCE OF FUNDS		
Employer and employee contributions	43 596	7 267
Decrease in unused optional contributions		
Investment earnings	1 741	349
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec	125 958	2 143
Transfer of insurance company reserve and interest		
	171 295	9 759
APPLICATION OF FUNDS		
Pension benefits	54 559	
Lump-sum payments and contribution refunds	14 539	
Interest on contribution refunds	1 324	
Claims		
Handling of claims and premiums		
Rebates		
Transfer charges on insurance company reserves		
Increase (decrease) in the actuarial reserve		
General Revenue Fund charges	4 743	163
Direct expenses	2	
Employee contributions to Corvée-Habitation	8 158	
	83 325	163
INCREASE (DECREASE) IN NET EQUITY	87 970	9 596
NET EQUITY AT THE BEGINNING — adjusted balance of separate accounts (Note 10)	1 188 164	16 554
Funds entrusted to the Caisse de dépôt — share of gains and losses on realization (Note 8)	19 653	92
NET EQUITY AT YEAR-END	1 295 787	26 242

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

SUPPLEMENTAL FRINGE BENEFITS

CHANGE IN NET EQUITY

for the fiscal year ended December 31, 1983

($ THOUSANDS)

INSURANCE PLANS		Total	
Basic plan	Additional plan	1983	1982
17 637	214	68 714	69 039
18		18	62
2 423	114	4 627	5 062
		128 101	115 718
3 739	111	3 850	1 865
23 817	439	205 310	191 746
		54 559	27 435
		14 539	10 561
		1 324	1 000
20 458	55	20 513	14 003
1 487	24	1 511	859
			(608)
152		152	
10 938	(433)	10 505	2 777
	114	5 020	5 195
		2	6
	8 158	3 496	
33 035	(240)	116 283	64 724
(9 128)	679	89 027	127 022
3 448	182	1 208 348	1 081 326
		19 745	
(5 770)	861	1 317 120	1 208 348

OFFICE DE LA CONSTRUCTION DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

1 — CONSTITUTION AND SCOPE OF ACTIVITY

Created under the Act respecting labour relations in the construction industry (R.S.Q., c.R-20), the Office de la construction du Québec is a corporation within the meaning of the Civil Code and is responsible for applying the collective agreement or Construction Decree, all fringe benefit plans, as well as other duties the Act prescribes.

2 — ACCOUNTING POLICIES

The financial statements of the Office were prepared by management, given the framework and relative importance of accounting practice summarized as follows:

(a) Investments and accrued interest
Investments are recorded at cost, except for bonds which are amortized.

(b) Employer contributions receivable
Amounts withheld by employers during December for remittance in January are posted as accounts receivable at December 31st.

(c) Fixed assets
Fixed assets are recorded at original cost and depreciated over their expected service life, using the straight-line method at the following annual rates:

Buildings	2 1/2 %
Office furniture and equipment	10 %
Data-processing equipment	33 1/3 %

(d) Funds entrusted to the Caisse de dépôt et placement du Québec
Participation deposits in individual funds of the Caisse are recorded at cost. The net revenue of the funds is paid quarterly by the Caisse through the issue of participation deposit units. Net revenue includes gains and losses on the sale of securities.

(e) Special Compensation Fund payments to employees
Compensation is entered in the books upon proof of employer insolvency.

(f) Wages, salaries and fringe benefits
Wages, salaries and fringe benefits are recorded on the accrual basis, except for vacation and severance pay, entered on a cash basis.

(g) Assessments, fines and penalties
Assessments, fines and penalties, as well as amounts recovered from employers by the Special Compensation Fund, are posted to the General Revenue Fund upon receipt.

(h) Employer and employee dues, holiday pay, claims against employers and insurance rebates
These are posted to the trust funds on a cash basis.

(i) Transfers and interfund charges
Administrative expenses of trust funds are paid out of the General Revenue Fund and attributed to the trust fund incurring them. For its own administration, the Office transfers interest from the Holiday and Vacation Pay Fund as well as holiday pay that, at January first, has gone unclaimed by employees for three years and funds held in trust to cover claims for employees who at December 31st remain unidentified after three years.

The cost of administering supplemental fringe benefit plans is assumed by the pension fund and the additional insurance plan, assigned according to Office activity sectors.

3 — INVESTMENTS AND ACCRUED INTEREST

Investments and accrued interest detail as follows:

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Cash	5 282	606
Term deposits	57 051	65 758
Bonds	68 722	66 619
Mortgage financing	4	8
Accrued interest	2 694	2 757
	133 753	135 748

The realization value of bonds at December 31, 1983 is $61 359 408 ($60 040 209 in 1982).

Investments and accrued interest are assigned to the funds as follows:

	1983	1985
	($ THOUSANDS)	($ THOUSANDS)
General Revenue Fund		
Trust funds:	1 908	5 622
holiday and vacation pay		
supplemental fringe		
benefits	81 369	78 529

4 — ACCOUNTS RECEIVABLE

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Claims paid to employees and owed by employers	562	563
Claims paid to employees where employer responsibility remains undetermined	197	213
	759	776
Allowance for bad debts	700	713
	59	63
Employees — balance receivable	467	397
Allowance for bad debts	307	68
	160	329
Other	936	623
	1 096	952
Net amount	1 155	1 015

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

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5 — FIXED ASSETS

	1983			1982
	Cost	Accumulated Depreciation	Net	Net
	($ THOUSANDS)	($ THOUSANDS)	($ THOUSANDS)	($ THOUSANDS)
Land	238		238	238
Buildings	5 166	1 875	3 291	3 420
Furniture and equipment	1 507	1 115	392	483
Data-processing equipment	212	712	141	
	7 123	3 061	4 062	4 141

6 — ASSESSMENTS RELATED TO UNCLAIMED AND UNIDENTIFIED HOLIDAY PAY

The balance at December 31, 1983 of sums collected for holiday or vacation pay which either go unidentified or unclaimed, shown on the balance sheet as liabilities of the Holiday and Vacation Pay Fund in the amount of $331 000, includes annual vacation and statutory holiday pay for the years 1980 through 1983 that remains unidentified at December 31, 1983, along with cheques issued and outstanding for 60 days or more.

Vacation pay in the amount of $104 883 at December 31, 1983, earned during 1980 and collected on behalf of workers who remain unidentified on January 1, 1984 for three years, is transferred in the course of that month ($220 000 in January 1983) to the General Revenue Fund.

7 — CLAIMS COLLECTED ON BEHALF OF UNIDENTIFIED EMPLOYEES

The Office uses for administrative purposes those sums held in trust and related to claims on behalf of employees who at December 31st have remained unidentified for three years. Amounts collected prior to December 31, 1980 on behalf of employees who remained unidentified at December 31, 1983, were transferred to the statement of revenue and expenditure of the General Revenue Fund during fiscal 1983 from the balance sheet of the Back Pay Fund.

8 — FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

Pension plan funds entrusted to the Caisse detail as follows:

	1983		1982	
	Book Value	Realization Value	Book Value	Realization Value
	($ THOUSANDS)	($ THOUSANDS)	($ THOUSANDS)	($ THOUSANDS)
Pension plan account:				
General accounts				
Demand deposits*	5 177	5 177	24 695	24 695
Participation deposits**	1 264 355	1 347 990	1 136 978	1 146 620
Portfolio under separate management	9 810	8 621	20 149	16 541
	1 279 342	1 361 788	1 181 822	1 187 856
Supplemental account				
Participation deposits**	22 908	22 918		
Total	1 302 250	1 384 706	1 181 822	1 187 856

* in the General Fund of the Caisse de dépôt et placement du Québec
** in individual funds of the Caisse (segregated funds in 1982).

Until December 31, 1982, the Office invested equity of the Supplemental Pension Plan for Employees of the Québec Construction Industry by acquiring units of segregated funds invested in shares, mortgage financing, debentures and government bonds.

As of 1983, the Caisse de dépôt decided, with the approval of depositors, to administer Supplemental Pension Plan funds through individual, rather than common funds.

On January 1, 1983 the Caisse transferred the Supplemental Pension Plan share of equity from segregated funds to individual funds reserved for this purpose, and individual fund for the general account for pensioners and contributors and another for the electricians' and painters' supplemental contributions.

At the time of transfer, the Office recorded the pension fund's share of gains and losses on the disposal of securities that was accumulated in segregated funds to December 31, 1982. The net gain amounted to $19 653 330 for the general account and $92 139 for the supplemental account.

As of January 1, 1983, gains and losses on the disposal of securities held by individual funds of the Caisse are posted to investment earnings of the pension plan.

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

9 — ACTUARIAL RESERVES

Under the method of self-management of employees' insurance plans, the Office assumes a limited share of the risks, retains certain guarantees and delegates the task of settling claims.

At December 31, 1983, the Office reserved the necessary amounts from accumulated funds as follows:

	Group Insurance Fund	
	Basic Benefit Plan	Supplemental Plan
	($ THOUSANDS)	($ THOUSANDS)
Reserves[1]	23 299	
Insurance liabilities[2]	10 515	6
Actuarial reserve	33 814	6

[1] These are the reserves held for self-management purposes to cover the following items: benefit payments incurred but not reported, survivors' pensions, monthly disability pensions and premium exemptions.

[2] These represent the minimum reserves required as calculated at December 31, 1983.

Maximum reserves amount to $49 420 000 and $13 000 for the basic plan and the supplemental plan, respectively.

10 — NET EQUITY OF SUPPLEMENTAL FRINGE BENEFIT PLANS

The net equity of the separate accounts of the funds for supplemental fringe benefit plans at the beginning of the year was adjusted to reflect corrections made in 1983 with respect to fiscal years 1981 and 1982.

Corrections were made to the distribution of employer and employee contributions with respect to electricians during 1983 for the 1981 fiscal year. Expenditures assigned by the General Revenue Fund in 1982 were corrected in 1983. Investment earnings were also adjusted to reflect the fair distribution among fund accounts concerned for 1981 and 1982.

11 — LONG-TERM LEASES

The Office is committed to leases coming to term at various dates up to September 30, 1988 for its premises. Some of these leases have provision for renewal after five years.

Rent for office space over the fiscal year ended December 31, 1983 amounts to $373 101. Minimum annual rent, less income from subletting, for the next five fiscal years details as follows:

1984	$354 880
1985	272 591
1986	160 475
1987	75 816
1988	22 661

12 — COMPARATIVE FIGURES

Certain 1982 figures were reclassified for purposes of the 1983 presentation.

OFFICE DE LA SÉCURITÉ DU REVENU DES CHASSEURS ET PIÉGEURS CRIS

R.S.Q., c. S-3.2 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Office de la sécurité du revenu des chasseurs et piégeurs cris at June 30, 1984 as well as the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Office at June 30, 1984 as well as its operating results for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, September 14, 1984

OFFICE DE LA SÉCURITÉ DU REVENU DES CHASSEURS ET PIÉGEURS CRIS

R.S.Q., c. S-3.2 and amendments

BALANCE SHEET

as at June 30, 1984

	1984	1983
ASSETS		
Cash (Note 3)	$63 046	$51 626
Term deposits	100 000	
Benefits overpaid	80 289	70 304
Accounts receivable	8 118	1 168
	$251 453	$123 098
LIABILITIES		
Accounts payable	$19 448	$16 805
Owed the Government	80 289	70 304
	99 737	87 109
SURPLUS	151 716	35 989
	$251 453	$123 098

ON BEHALF OF THE OFFICE

Johnny JOLLY
Roger GRENIER

OFFICE DE LA SÉCURITÉ DU REVENU DES CHASSEURS ET PIÉGEURS CRIS

REVENUE AND EXPENDITURE

for the fiscal year ended June 30, 1984

	1984	1983
EXPENDITURES		
Income security payments	$10 907 175	$9 021 238
Administrative expenses		
Wages, salaries and fringe benefits	411 883	337 162
Travel	34 163	33 712
Rent	29 281	18 015
Ptrofessional fees	3 529	4 893
Supplies and equipment	18 281	13 650
Telephone service and communications	911	515
Miscellaneous	1 974	212
	500 022	408 159
	11 407 197	9 429 397
REVENUE		
Interest on bank deposits	5 006	6 665
SURPLUS EXPENDITURE OVER REVENUE	11 402 191	9 422 732
CONTRIBUTION FROM THE GOVERNMENT	11 517 918	9 376 238
SURPLUS REVENUE AND CONTRIBUTION OVER EXPENDITURE	115 727	(46 494)
SURPLUS AT THE BEGINNING	35 989	82 483
SURPLUS AT YEAR-END	$151 716	$35 989

NOTES TO FINANCIAL STATEMENTS

at June 30, 1984

1 — CONSTITUTION, ACTIVITY AND FUNDING

The Office de la sécurité du revenu des chasseurs et piégeurs cris, founded under the Act respecting income security for Cree hunters and trappers who are beneficiaries under the Agreement concerning James Bay and Northern Québec, has been given responsibility for administering the program established by the Act to provide Cree hunters and trappers with guaranteed income; the program also provides incentives for the pursuit of traditional harvesting activities.

Benefits are paid to groups of beneficiaries who are considered eligible because of the time spent in fishing, hunting, trapping and ancillary activities, among other conditions.

Funding for implementing the Act comes from appropriations voted annually by the Legislature for that purpose.

2 — ACCOUNTING POLICIES

Benefits and administrative expenses

Benefits paid are recorded on the cash basis while administrative expenses are posted according to the accrual method.

The acquisition of capital assets is charged to administrative expenses.

Administrative expenses are assumed by the Government.

The cost of support services such as data processing and telephone services is assumed by the various departments and not shown on the statement of revenue and expenditure.

3 — ASSETS AS DEBT SECURITY

The amount of $4 154 in cash assets is held by a trust account as security for a debt toward the Government of Canada.

OFFICE DES AUTOROUTES DU QUÉBEC

R.S.Q., c. A-34

AUDITOR'S REPORT

I have examined the statement of assets and liabilities of the Office des autoroutes du Québec at March 31, 1984 and that of the cost of debt service and financing for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Office at March 31, 1984 as well as the cost and financing of its operations for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, June 22, 1984

OFFICE DES AUTOROUTES DU QUÉBEC

R.S.Q., c. A-34

ASSETS AND LIABILITIES

as at March 31, 1984

	1984	1983
ASSETS		
Note — from the Government (Note 3)	$19 477 176	$23 675 309
LIABILITIES		
Accrued interest	$702 396	$691 770
Bonded debt (Note 4)		
Series "G" bonds, 5½%, maturing December 1, 1984	16 833 068	16 833 068
Series "H" bonds, 5¾%, maturing July 15, 1989	32 500 000	32 500 000
	49 333 068	49 333 068
Less: Sinking fund (Note 5)	30 558 288	26 349 529
	18 774 780	22 983 539
	$19 477 176	$23 675 309

ON BEHALF OF THE OFFICE

Jacques HÉBERT
Philippe FARMER

OFFICE DES AUTOROUTES DU QUÉBEC

R.S.Q., c. A-34

COST OF DEBT SERVICE AND FINANCING

for the fiscal year ended March 31, 1984

	1984	1983
COST OF SERVICING DEBT		(Note 6)
Interest on bonds	$2 810 910	$2 859 622
Decrease in Government note equivalent to:		
Net sinking fund revenue	4 208 759	2 848 869
Discount on redemption of bonded debt		331 350
Management fees	2 753	3 694
	7 022 422	6 043 535
Net payment on bonded debt:		
Redemption of series "H" bonds		1 250 000
Discount on bond redemption		(331 350)
		918 650
	$7 022 422	$6 962 185
FINANCING OF DEBT SERVICE		
Interest on Government note	$2 810 910	$2 859 622
Cash flow on Government note		918 650
Management fees assumed by the Government	2 753	3 694
Net sinking fund revenue (Note 5)	4 208 759	2 848 869
Revenue — discount on bond redemption		331 350
	$7 022 422	$6 962 185

OFFICE DES AUTOROUTES DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

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1 — CONSTITUTION AND SCOPE OF ACTIVITY

Founded under the Autoroutes Act (R.S.Q., c. A-34), the Office des autoroutes du Québec has as its main purpose the repayment of its bonded debt.

2 — ACCOUNTING POLICIES

Office financial statements were prepared by management according to the accrual method, within the framework of accounting practice summarized as follows:

Bonded debt in Canadian currency

Bonded debt contracted in Canadian dollars is recorded at par value.

Bonded debt in foreign currency

Series "G" bonds payable in $US have been expressed in their Canadian equivalent at the exchange rate in effect on April 1, 1982.

Sinking fund bonds

Sinking fund bonds are shown at par value.

3 — GOVERNMENT NOTE

The Minister of Finance issued a Government note to the Office in the amount of its bonded debt and interest accrued to April 1, 1982 less its accumulated sinking fund on that date.

The interest rate and terms of the note should allow the Office to fully discharge its bonded debt.

	1984	1983
Change in the note account during the fiscal year:		
Balance at the beginning	$23 675 309	$27 795 090
Operations		
Cash flow on the note		918 650
Other operations related to bonded debt repayment:		
Net sinking fund revenue (Note 5)	4 208 759	2 848 869
Discout on bond redemption		331 350
Decrease (Increase) in accrued bond interest	(10 626)	20 912
	4 198 133	4 119 781
Balance at year-end	$19 477 176	$23 675 309

4 — BONDED DEBT

Payment of capital and interest is guaranteed by the Government.

Series "G" bonds are payable at maturity in U.S. currency out of a sinking fund created for the purpose. If the exchange rate in effect on March 31, 1984 were applied, bonded debt would be increased by $680 512.

The schedule of payments on series "H" bonds is as follows:

1984-1985	$1 250 000
1985-1986	1 250 000
1986-1987	1 250 000
1987-1988	1 250 000
1988-1989	1 250 000
1989-1990	26 250 000
	$32 500 000

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

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5 — SINKING FUND

The Minister of Finance is responsible for managing the sinking fund for bonded debt.

Sinking fund change during the fiscal year:

	1984	1983
Fund balance at the beginning	$26 349 529	$23 500 660
Net revenue for the year:		
Interest on cash flow and bonds	2 690 782	1 903 790
Government contribution	618 850	618 600
Discount on purchase and sale of bonds	899 127	334 356
Safekeeping charges		(7 877)
	4 208 759	2 848 869
Balance at year-end	$30 558 288	$26 349 529

Sinking fund assets break down as follows:

Cash	$430 434	$3 231
Accrued interest	793 854	481 698
Government contribution receivable		618 600
Bonds	29 334 000	25 246 000
	$30 558 288	$26 349 529

At March 31, 1984 the market value of the bonds was approximately $25 661 000 ($23 318 000 in 1983) broken down as follows:

	1984		1983	
	Par Value	Market Value	Par Value	Market Value
Bonds:				
Gouvernement du Québec	$19 830 000	$18 152 000	$16 105 000	$15 524 000
Guaranteed by the Government:				
Hydro-Québec	1 357 000	1 398 000	4 251 000	4 144 000
Office des autoroutes du Québec	8 147 000	6 111 000	4 890 000	3 650 000
	$29 334 000	$25 661 000	$25 246 000	$23 318 000

6 — COMPARATIVE FIGURES

Certain figures from the 1983 statement of the cost of debt service and financing were reclassified for purposes of the 1984 presentation.

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

R.S.Q., c. C-75

FARM FINANCING

AUDITOR'S REPORT

I have examined the balance sheet of the Office du crédit agricole du Québec — farm financing, at March 31, 1984 as well as the statement of revenue, expenditure and surplus for the fiscal year then ended. My examination was made in accordance with generally accepted accounting principles and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Office du crédit agricole du Québec — farm financing, at March 31, 1984 as well as its operating results for the fiscal year then ended according to the accounting principles in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, June 12, 1984

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

R.S.Q., c. C-75

FARM FINANCING

ASSETS AND LIABILITIES
as at March 31, 1984

	1984	1983
ASSETS		
Cash	$4 049 853	$3 199 889
Accounts receivable	1 025 935	511 692
Interest, accrued and due	4 031 029	4 144 075
Loans (Note 3)	158 882 111	169 536 512
Assets acquired following default on loans (Note 4)	8 224 259	5 075 267
	$176 213 187	$182 467 435
LIABILITIES		
Bank indebtedness	$185 853	
Accounts payable	37 304	35 076
Borrower deposits	559 922	444 978
Revenue in advance	85 827	80 623
Owed lending institutions	6 307 922	3 647 353
Bonds (Note 5)	3 850 000	3 850 000
Owed the Government (Note 6)	161 553 906	171 270 544
	172 580 734	179 328 574
SURPLUS	3 632 453	3 138 861
	$176 213 187	$182 467 435

ON BEHALF OF THE OFFICE

Camille G. MOREAU
J. Claude SIMONEAU

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FARM FINANCING

REVENUE, EXPENDITURE AND SURPLUS
for the fiscal year ended March 31, 1984

	1984	1983
REVENUE		
Interest on loans		
Regular payments	$8 962 154	$9 554 620
Payments in arrears	292 277	208 758
	9 254 331	9 763 378
Interest on bank deposits and other revenue	324 080	517 473
Recovery of expenditure		
Sale and lease of fixed assets — land redevelopment program	276 191	552 045
Other	290 772	147 266
	10 145 374	10 980 162
EXPENDITURES		
Subsidies (Note 7)	69 710 836	115 701 188
Interest on borrowings:		
Gouvernement du Québec	16 331 647	17 407 620
Financial institutions	3 861	534 418
Bonds	410 620	19 922
Loss on guarantees for loans from financial institutions	242 572	311 590
Acquisition of fixed assets — land redevelopment program		2 885
Net loss on assets acquired following loan defaults	107 937	7 659
Interest on borrower deposits	14 728	34 503
Administrative expenses (Note 8)	9 774 231	9 745 230
	96 596 432	143 765 015
Less: Expenditure assumed by the Government (Note 9)	86 944 650	133 468 922
	9 651 782	10 296 093
SURPLUS REVENUE OVER EXPENDITURE	493 592	684 069
SURPLUS AT THE BEGINNING	3 138 861	2 454 792
SURPLUS AT YEAR-END	$3 632 453	$3 138 861

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FARM FINANCING

NOTES TO FINANCIAL STATEMENTS

at March 31, 1984

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1 — CONSTITUTION AND SCOPE OF ACTIVITY

The Office du crédit agricole du Québec, founded under the Farm Credit Act, is responsible for administering various acts concerning farm and forestry financing programs.

The farm financing programs aims to promote the profitability of agricultural operations by making available adequate financing.

The financial statements of the Office presented here relate exclusively to transactions involving farm financing within the framework of administering the Farm Credit Act, the Act to promote long-term farm credit by private institutions, the Act to promote farm improvement, the Act to promote credit to farm producers, the Act to promote special credit to agricultural producers during critical periods, the Farm Loans Act, the Act to promote the development of farming operations as well as the agricultural land redevelopment program and the arable land bank program.

2 — ACCOUNTING POLICIES

Assets acquired following loan defaults

Assets acquired following default on loans prior to August 1, 1978 are recorded in the amount of the outstanding capital balance plus ancillary charges incurred by the Offie. Gain or loss on the sale of these assets is entered at the time of their disposal.

Assets acquired following default on loans after August 1, 1978 are recorded in the amount of the outstanding capital balance plus interest and ancillary charges incurred by lenders. Losses resulting from the disposal of these assets are assumed by the Fonds d'assurance-prêts agricoles et forestiers; any gain is also turned over to the Fonds.

Subsidies

Subsidies are posted to expenditure at the time of outlay.

Loss on guarantees for loans granted by financial institutions

Losses on guarantees for loans granted prior to August 1, 1978 by financial institutions are recorded under expenditure upon payment in settlement of the guarantees.

Acquisition of fixed assets

The acquisition of fixed assets under the land redevelopment program is posted to expenditure, as is equipment in accordance with Government accounting practice.

Other transactions

Other transactions related to farm financing are recorded on the accrual basis.

Administrative expenses

The cost of fringe benefits to Office employees and support services such as telephone, office space, data processing, etc., are paid out of the spending estimates of the various departments involved and are not shown on the statement of revenue, expenditure and surplus.

3 — LOANS

The amount of loans includes capital payments due of $1 069 773 at March 31, 1984 ($1 063 345 at March 31, 1983).

4 — ASSETS ACQUIRED FOLLOWING LOAN DEFAULTS

The cost of assets acquired as a result of borrower defaults on loans granted before August 1, 1978 amounts to $800 350 ($813 033 at March 31, 1983). Their realization value is $402 000 ($405 000 at March 31, 1983).

5 — BONDS

Series "A" bonds with a par value of $3 850 000 maturing March 15, 1988 are redeemable wholly or in part for their face value as of March 15, 1984 and are guaranteed by the Government. They bear interest, payable quarterly, at $^3/_8$% below prime.

6 — OWED THE GOVERNMENT

	1984	1983
Loans		
Balance at beginning of year	$166 700 000	$181 900 000
Repaid	10 400 000	15 200 000
Balance at year-end	156 300 000	166 700 000
Interest on borrowings	4 481 623	3 919 469
Recovery on expenditure — subsidies	236 082	113 818
Land redevelopment program	36 201	37 257
Interest-free advance of working capital	500 000	500 000
	$161 553 906	$171 270 544

Loans bear the average long-term rate of interest for Government loans contracted during that year. The rates vary between 9.83% and 10.80 %.

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FARM FINANCING

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

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7 — SUBSIDIES

Expenditure on subsidies details as follows:

	1984	1983
Farm Credit Act (R.S.Q., c. C-75)		$2 400
Act to promote long-term farm credit by private institutions (R.S.Q., c. C-75.1)	$54 127 677	94 919 344
Act to promote the establishment of young farmers (R.S.Q., c. E-12.1)	639 029	2 917
Act to promote farm improvement (R.S.Q., c. A-18)	3 972 732	4 188 972
Act to promote special credit to agricultural producers during critical periods (R.S.Q., c. C-79)	130 632	763 288
Farm Loans Act (R.S.Q., c. P-20)	3 556 474	3 823 181
Act to promote the development of farming operations (R.S.Q., c. M-36)	6 606 666	11 469 541
Agricultural land redevelopment program (O.C. 3813-76 and 3814-76)	677 626	531 545
	$69 710 836	$115 701 188

8 — ADMINISTRATIVE EXPENSES

Administrative expenses detail as follows:

	1984	1983
Wages, salaries, allowances and other remuneration	$9 041 868	$9 034 985
Transportation and communications	444 212	404 193
Professional, administrative and other services	31 320	47 508
Upkeep and repairs	24 053	7 350
Rent	54 939	70 519
Supplies	121 625	121 857
Equipment	22 553	51 039
Other	33 661	7 779
	$9 774 231	$9 745 230

9 — EXPENDITURE ASSUMED BY THE GOVERNMENT

Expenditure assumed by the Government details as follows:

	1984	1983
Subsidies	$69 710 836	$115 701 188
Interest on borrowings less that earned on loans — regular instalments	7 783 974	8 407 340
Loss on guarantees for loans from financial institutions	242 572	311 590
Acquisition of fixed assets — land redevelopment program		2 885
Administration	9 774 231	9 745 230
	87 511 613	134 168 233
Less: Recovery on expenditure	566 963	699 311
	$86 944 650	$133 468 922

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FARM FINANCING
R.S.Q., c. C-78

AUDITOR'S REPORT

I have examined the statement of assets and liabilities of the Office du crédit agricole du Québec — forestry financing, at March 31, 1984 as well as that of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the assets and liabilities of the Office du crédit agricole du Québec — forestry financing, at March 31, 1984 as well as its revenue and expenditure for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, May 25, 1984

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FORESTRY FINANCING
R.S.Q., c. C-78

ASSETS AND LIABILITIES
as at March 31, 1984

	1984	1983
ASSETS		
Cash	$395 596	$571 528
Accounts receivable	11 247	9 249
Interest, accrued and due	440 683	436 469
Loans (Note 3)	28 739 560	27 227 344
Assets acquired following loan defaults	282 179	
	$29 869 265	$28 244 590
LIABILITIES		
Borrower deposits	$9 295	$11 939
Revenue collected in advance	11 151	10 233
Bank loan and accrued interest	3 106 410	
Bonds and accrued interest (Note 4)	10 201 198	10 202 521
Owed the Government (Note 5)	16 541 211	18 019 897
	$29 869 265	$28 244 590

ON BEHALF OF THE OFFICE

Camille G. MOREAU
J. Claude SIMONEAU

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FORESTRY FINANCING

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1984

	1984	1983
REVENUE		
Interest on loans	$1 473 152	$1 407 156
Interest on bank deposits and other revenue	71 251	47 787
Recovery of expenditure	5 911	485
	1 550 314	1 455 428
EXPENDITURE		
Subsidies (Note 6)	657 031	735 092
Interest on borrowings:		
Gouvernement du Québec	1 842 534	1 987 469
Financial institutions	142 573	1 180 346
Bonds	1 082 544	52 521
Interest on borrower deposits	585	253
Administrative expenses (Note 7)	972 367	951 058
	4 697 634	4 906 739
Less: Expenditure assumed by the Government (Note 8)	3 217 986	3 498 699
	1 479 648	1 408 040
SURPLUS REVENUE OVER EXPENDITURE TO BE PAID THE CONSOLIDATED REVENUE FUND (Note 5)	$70 666	$47 388

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FORESTRY FINANCING

NOTES TO FINANCIAL STATEMENTS

at March 31, 1984

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1 — CONSTITUTION AND SCOPE OF ACTIVITY

The Office du crédit agricole du Québec, created under the Farm Credit Act, is responsible for administering various acts related to farm and forestry financing programs.

The forestry financing program aims at making credit available to promote the development and consolidation of private forest areas.

The financial statements of the Office presented here are solely concerned with operations related to administering the Forestry Credit Act.

2 — ACCOUNTING POLICIES

Assets acquired following loan defaults

Assets acquired following default on loans prior to August 1, 1978 are recorded in the amount of the outstanding capital balance plus ancillary charges incurred by the Office. Gain or loss on the sale of these assets is entered at the time of their disposal.

Assets acquired following default on loans after August 1, 1978 are recorded in the amount of the outstanding capital balance plus interest and ancillary charges incurred by lenders. Losses resulting from the disposal of these assets are assumed by the Fonds d'assurance-prêts agricoles et forestiers; any gain is also turned over to the Fonds.

Subsidies

Subsidies are posted to expenditure when paid.

Acquisition of equipment

The cost of acquiring equipment is charged to expenditure, in accordance with Government accounting policy.

Other transactions

Other forestry financing transactions are posted on the accrual basis.

Administrative expenses

The cost of fringe benefits to Office employees and that of support services such as telephone, office space, data processing, etc. is paid out of the spending estimates of the different departments involved and not shown on the statement of revenue and expenditure.

3 — LOANS

This item includes capital payments due at March 31, 1984 in the amount of $99 200 ($79 840 at March 31, 1983).

4 — BONDS AND ACCRUED INTEREST

Series "B" bonds with a par value of $10 150 000 and maturing March 15, 1986, are redeemable wholly or in part for their face value as of March 15, 1984 and are guaranteed by the Government. They bear interest, payable quarterly, at $^{3}/_{4}$% below prime.

5 — OWED THE GOVERNMENT

	1984	1983
Borrowings		
Balance at the beginning	$17 300 000	$18 625 000
Repaid	1 750 000	1 325 000
Balance at year-end	15 550 000	17 300 000
Interest on borrowings	870 545	622 509
Interest-free advance of working capital	50 000	50 000
Surplus revenue over expenditure for the year	70 666	47 388
	$16 541 211	$18 019 897

Borrowings bear interest at rates between 9.8% and 13.4%. They will be repaid out of the funds collected as reimbursement of loans granted after provision is made for the settlement of loans from financial institutions.

Moreover, under the terms of the Forestry Credit Act, surplus revenue over expenditure must be remitted to the Consolidated Revenue Fund within 90 days following the close of the Office fiscal year.

6 — SUBSIDIES

This item represents repayment of interest at five percent on sums due from borrowers to lending institutions.

7 — ADMINISTRATIVE EXPENSES

Administrative expenditure details as follows:

	1984	1983
Wages, salaries, allowances and other remuneration	$862 591	$820 095
Transportation and communications	49 431	45 919
Administrative, professional and other services	4 562	43 098
Upkeep and repairs	4 411	4 125
Rent	8 509	9 351
Supplies	24 461	24 121
Equipment	13 092	3 974
Other	5 310	375
	$972 367	$951 058

8 — EXPENDITURE ASSUMED BY THE GOVERNMENT

Expenditure assumed by the Government details as follows:

	1984	1983
Subsidies	$ 657 031	$ 735 092
Interest on borrowings less interest earned on loans	1 594 499	1 813 180
Administration	972 367	950 912
	3 223 897	3 499 184
Less: Recovery on Expenditure	5 911	485
	$3 217 986	$3 498 699

RADIO-QUÉBEC

R.S.Q., c. S-11.1

AUDITOR'S REPORT

I have examined the balance sheet of Radio-Québec at August 31, 1983 as well as the statement of revenue and expenditure and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of Radio-Québec at August 31, 1983, as well as its operating results and change in financial position for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, December 16, 1983

RADIO-QUÉBEC

R.S.Q., c. S-11.1

BALANCE SHEET
as at August 31, 1983

	1983	1982
ASSETS		
CURRENT ASSETS		
Cash		$2 857 641
Accounts receivable	$420 128	375 194
Shows produced and under production	8 786 579	6 130 177
Broadcast and distribution rights on audio-visual material and coproductions	4 902 782	5 302 473
Technical and production supplies	623 833	685 656
Prepaid expenses	182 375	149 680
Payments on mortgage loan and balance on selling price within a year (Note 4)	118 397	13 127
	15 034 094	15 513 948
SELLING PRICE BALANCE	97 310	108 330
MORTGAGE LOAN (Note 4)	3 558 166	
FIXED ASSETS (Note 5)	16 456 122	15 068 886
ASSETS HELD UNDER CAPITAL LEASE CONTRACTS (Note 6)	4 913 819	4 810 077
	25 025 417	19 987 293
	$40 059 511	$35 501 241
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash	$445 664	
Indebtedness toward financial institutions	1 230 496	$3 600 000
Accounts payable and accrued charges	3 572 836	4 765 305
Broadcast and distribution rights and coproductions	1 698 271	1 573 045
Deferred revenue — Government subsidy (Note 7)	12 731 926	9 173 693
Payments on long-term debt due within a year	455 815	918 610
Deferred revenue (Note 9)	18 325	
	20 153 333	20 030 653
LONG-TERM DEBT		
Bonds (Note 8)	4 450 000	4 750 000
Commitments under capital lease contracts (Note 6)	5 321 224	3 681 751
	9 771 224	8 431 751
DEFERRED REVENUE (Note 9)	424 542	
RADIO-QUÉBEC		
Balance at the beginning	7 038 837	6 351 945
Surplus revenue and subsidy over expenditure for the year	2 671 575	686 892
Balance at year-end	9 710 412	7 038 837
	$40 059 511	$35 501 241

ON BEHALF OF THE BOARD

Lyse GOYETTE
Jacques GIRARD

RADIO-QUÉBEC

REVENUE AND EXPENDITURE
for the fiscal year ended August 31, 1983

	1983	1982
EXPENDITURE		
Cost of shows broadcast		
Shows produced and broadcast (Schedule A)	$24 899 645	$22 684 659
Acquisitions and coproductions	4 674 928	6 278 651
Distribution costs		
Broadcasting and network	8 330 314	5 662 661
Programming	3 655 264	3 430 284
Cost of shows broadcast and distribution	41 560 151	38 056 255
Administrative expenses	7 092 013	7 452 888
Financial charges (Note 10)	2 497 345	1 594 937
Total expenditure (Note 11)	51 149 509	47 104 080
REVENUE (Note 12)	1 708 367	1 177 505
SURPLUS EXPENDITURE OVER REVENUE	49 441 142	45 926 575
SUBSIDY FROM THE GOVERNMENT (Note 7)	52 112 717	46 613 467
SURPLUS REVENUE AND SUBSIDY OVER EXPENDITURE FOR THE YEAR	$2 671 575	$686 892

Schedule A
COST OF SHOWS PRODUCED AND BROADCAST
for the fiscal year ended August 31, 1983

	1983	1982
Shows produced and under production at the beginning	$6 130 177	$3 871 327
Production costs for the year		
Network productions	17 296 035	17 065 397
Regional productions	5 852 348	4 223 219
Depreciation of technical equipment	708 488	663 943
General expenses	3 699 176	2 990 950
	27 556 047	24 943 509
	33 686 224	28 814 836
Less:		
Shows produced and under production at year-end	8 786 579	6 130 177
Cost of shows produced and broadcast	$24 899 645	$22 684 659

RADIO-QUÉBEC

CHANGE IN FINANCIAL POSITION
for the fiscal year ended August 31, 1983

	1983	1982
SOURCE OF FUNDS		
Surplus revenue and subsidy over expenditure for the year	$2 671 575	$686 892
Items not affecting working capital:		
Depreciation of fixed assets (Note 3)	1 657 355	1 238 390
Gain on disposal of fixed assets		(119 728)
Deferred revenue	(18 325)	
Funds from operations	4 310 605	1 805 554
Commitments under capital lease contracts	1 785 343	1 901 213
Deferred revenue	442 867	
Decrease in mortgage loan and selling price balance	184 149	11 019
Issue of bonds		5 600 000
Proceeds from disposal of fixed assets		169 900
	6 722 964	9 487 686
APPLICATION OF FUNDS		
Acquisition of fixed assets	2 459 043	6 242 790
Acquisition of assets under capital lease contracts	689 290	2 931 747
Mortgage loan	3 731 295	
Decrease in long-term debt	445 870	887 435
	7 325 498	10 061 972
DECREASE IN WORKING CAPITAL DURING THE YEAR	602 534	574 286
WORKING CAPITAL DEFICIT AT THE BEGINNING	4 516 705	3 942 419
WORKING CAPITAL DEFICIT AT YEAR-END	$5 119 239	$4 516 705

NOTES TO FINANCIAL STATEMENTS
at August 31, 1983

1 — CONSTITUTION AND SCOPE OF ACTIVITY

Radio-Québec, or the Société de radio-télévision du Québec, founded under a special Act, is charged with establishing and operating an educational radio and television broadcasting service within Québec as well as producing audio-visual and broadcast materiel.

2 — ACCOUNTING POLICIES

Radio-Québec financial statements were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as follows:

Production and technical supplies

Inventories of technical and production supplies are recorded at the lower of their cost price and net realization value. Their cost price is averaged, except for that used in visual design, whose cost is determined according to the FIFO method.

Shows produced and under production

Shows already produced and under production are entered at cost, which includes supplies and services used directly in addition to a share of labour costs and general expenses. The show's total cost is charged to operations when broadcast or declared unusable.

Broadcast and distribution rights for audio-visual material and participation in co-productions

Broadcast and distribution rights for audio-visuel material are generally acquired for five years; they are capitalized then charged to operations when used according to the following basis, except where otherwise stipulated by contract:

70 % for the first presentation;
30 % for the second.

Rights on films deemed unusable are written off the books when such a decision is made.

Radio-Québec's investment in co-productions and their attendant rights are fully capitalized, then charged to operations at first showing.

Fixed assets

Fixed assets are recorded at cost and depreciated according to the straight-line method based on their estimated useful life as follows:

Rolling-stock	5 years
Technical equipment	10 years
Furniture and fixtures	10 years
Computer equipment	5 years
Leasehold improvements	Length of lease, maximum 5 years
Antenna network	20 years

The antenna network includes buildings, materials, engineering services, infrastructure, direct labour as well as attendant general and interim financing charges.

Assets held under capital lease contracts

Any asset acquired under lease-purchase and recorded on the books is depreciated in the same way as fixed assets. Commitments under such agreements are entered at the current value of minimal payments to be made.

Subsidy from the Government

Radio-Québec records the subsidy voted by the National Assembly for the Government fiscal year on the basis of the payment calendar running from April first through August thirty-first and from September first through March thirty-first.

Expenditure assumed by the Government

The contribution of Radio-Québec as employer to its employees' pension plan is assumed by the Government and not reflected on the statement of revenue and expenditure.

3 — ACCOUNTING ESTIMATE CHANGES

Beginning this fiscal year, Radio-Québec revised the rate of depreciation on its antenna network and the service life of leasehold improvements. The effect of this change was to bring depreciation charged to operation closer into line with real costs.

The effect of this rate review was to decrease the allowance for depreciation on fixed assets by $160 291 and correspondingly increase the year's surplus revenue and subsidy over expenditure.

4 — MORTGAGE LOAN

On September 30, 1982, the Société granted the owner of the building rented for its head office a mortgage loan of $3 731 295 bearing 17 % annual interest and payable as follows: $3 031 295 in equal monthly instalments, maturing in 1987 and $700 000 in equal monthly instalments, maturing in 1991.

Capital payments over the next five fiscal years will be as follows:

1984	$100 814
1985	118 680
1986	139 714
1987	164 474
1988	193 623

RADIO-QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at August 31, 1983

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5 — FIXED ASSETS

	1983			1982
	Cost	Accumulated Depreciation	Net	Net
Technical equipment	$5 702 861	$4 677 889	$1 024 972	$1 332 370
Antenna network*	12 716 903	2 014 727	10 702 176	2 684 664
Furniture and fixtures	1 125 837	906 321	219 516	265 645
Rolling-stock	46 404	13 974	32 430	26 804
Leasehold improvements	1 105 213	497 189	608 024	677 620
	20 697 218	8 110 100	12 587 118	4 987 103
Antenna network being set up*	3 869 004		3 869 004	10 081 783
	$24 566 222	$8 110 100	$16 456 122	$15 068 886

* The establishment of a Radio-Québec antenna network at an estimated cost of $17 million was approved by the Government. Financing of part of the costs incurred was secured by issuing bonds for $5.6 million. The terms for financing the balance have not yet been set.

6 — ASSETS HELD UNDER CAPITAL LEASE CONTRACTS

	1983			1982
	Cost	Accumulated Depreciation	Net	Net
Technical equipment	$4 757 581	$ 957 972	$3 799 609	$2 681 617
Furniture and fixtures	699 019	162 686	536 333	548 334
Computer equipment	92 832	40 809	52 023	26 272
Rolling-stock				8 429
	5 549 432	1 161 467	4 387 965	3 264 652
Being financed	553 531	27 677	525 854	1 545 425
	$6 102 963	$1 189 144	$4 913 819	$4 810 077

The following table shows minimum instalment payments to be made after August 31, 1983 under leases and the current value of commitments under capital lease contracts:

Fiscal year	Capital lease contracts	Other leasing agreements	Total
1984	$971 355	$6 892 182	$7 863 537
1985	971 355	4 620 089	5 591 444
1986	971 355	3 706 463	4 677 818
1987	971 355	3 475 268	4 446 623
1988	971 355	3 132 303	4 103 658
Thereafter through 1997	4 246 450	7 269 268	11 515 718
Total minimum instalments	9 103 225	$29 095 573	$38 198 798
Less: interest calculated at rates between 11.6 % and 18.9 %	3 626 186		
	5 477 039		
Less current instalments	155 815		
Commitments under capital lease contracts	$5 321 224		

NOTES TO FINANCIAL STATEMENTS (cont'd)
at August 31, 1983

7 — DEFERRED SUBSIDY — GOUVERNEMENT DU QUÉBEC
(Program 8 of the ministère des Communications)

		Fiscal year ended		
	Total	August 31, 1984 (First 7 months)	August 31, 1983	August 31, 1982
Appropriations 1981-1982				
Budget Estimates	$43 600 000			
Supplementary estimates	336 800			
	$43 936 800			$25 629 800
Appropriations 1982-1983				
Budget Estimates	$51 460 800			
Budget cut	1 100 000			
	$50 360 800		$29 377 133	20 983 667
Appropriations 1983-1984 Budget Estimates	$54 565 400	$31 829 816	22 735 584	
Revenue for the year according to accounting practice			52 112 717	46 613 467
Cash at August 31			64 844 643	55 787 160
Deferred subsidy at August 31			$12 731 926	$9 173 693

8 — BONDS

Funds for bond redemption come from a grant by the Government for that purpose.

	1983	1982
Series «A» bonds, 17.5%, maturing December 23, 1996	$4 750 000	$5 600 000
Less:		
Due within one year	300 000	850 000
	$4 450 000	$4 750 000

Redemption payments over the next five fiscal years detail as follows:

1984	$300 000
1985	250 000
1986	250 000
1987	275 000
1988	550 000

9 — DEFERRED REVENUE

Radio-Québec collected rent in the amount of $445 000 covering a period of 20 years beginning December 1, 1982 for the use of leased assets. Annual rental revenue is determined according to a formula that allows for a constant rate of return over the length of the lease.

10 — FINANCIAL CHARGES

	1983	1982
Interest on borrowings from financial institutions	$ 944 347	$832 699
Bond interest	877 076	675 260
Interest on capital lease contracts	894 022	546 286
	2 715 445	2 054 245
Less:		
Interest capitalized to antenna network being set up	218 100	459 308
	$2 497 345	$1 594 937

11 — EXPENDITURE BY CATEGORY

	1983	1982
Wages, salaries and fringe benefits	$28 061 377	$25 755 303
Transportation and communications	3 211 228	3 078 880
Professional, administrative and other services	5 276 016	5 122 457
Rent	6 762 166	4 996 913
Supplies	3 512 604	2 853 726
Broadcast and distribution rights	2 797 426	4 811 052
Depreciation of fixed assets	1 657 355	1 238 390
Financial charges	2 497 345	1 594 937
Bad debts	30 394	31 000
Gain on disposal of fixed assets		(119 728)
	53 805 911	49 362 930
Less:		
Shows produced and under production — change for the year	2 656 402	2 258 850
	$51 149 509	$47 104 080

12 — REVENUE

	1983	1982
Sales and services	$1 167 003	$857 200
Interest on term, bank and other deposits	541 364	320 305
	$1 708 367	$1 177 505

RAFFINERIE DE SUCRE DU QUÉBEC

R.S.Q., c. R-0.1

AUDITOR'S REPORT

I have examined the balance sheet of the Raffinerie de sucre du Québec at March 31, 1984 as well as the statement of operating results and deficit and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Raffinerie at March 31, 1984 as well as the results of its operations and change in financial position for the year then ended according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Authorization

The Act respecting the Raffinerie de sucre du Québec, which was given assent and came into force on June 23, 1982, allows the Raffinerie to make by-laws concerning the exercise of its powers and its internal affairs without Government authorization.

Although the by-law establishing standards for the appointment and remuneration of the secretary, other officers and employees of the Raffinerie was passed by the its boards of directors on June 2, 1983, it has not yet received Government approval.

In the absence of Government authorization, I cannot determine if Raffinerie operations were carried out in accordance with its founding Act.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, October 24, 1984

RAFFINERIE DE SUCRE DU QUÉBEC

R.S.Q., c. R-0.1

BALANCE SHEET

as at March 31, 1984

	1984	1983 (Note 13)
ASSETS		
CURRENT ASSETS		
Accounts receivable	$6 448 528	$1 998 148
Advances to producers (Note 4)	3 334 270	1 264 319
Inventories (Note 5)	7 025 292	6 042 416
Prepaid expenses	498 556	375 469
	17 306 646	9 680 352
SUBSIDY RECEIVABLE (Note 6)	1 414 950	1 414 950
FIXED ASSETS (Note 7)	51 687 338	47 510 307
ASSETS HELD UNDER CAPITAL LEASE CONTRACTS (Note 8)	5 862 068	5 943 405
DEFERRED CHARGES	5 201 892	2 617 067
	$81 472 894	$67 166 081
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash on hand	$145 989	$380 598
Bank indebtedness	9 043 000	
Accounts payable and accrued expenses	3 881 785	1 522 467
Long-term debt due within one year (Note 9)	250 000	250 000
Instalments due under a capital lease contract (Note 8)	242 575	196 599
	13 563 349	2 349 664
LONG-TERM DEBT (Note 9)	40 234 729	38 983 432
COMMITMENTS UNDER CAPITAL LEASE (Note 8)	5 353 868	5 616 982
DEFERRED CREDIT	4 829 781	4 897 016
	63 981 727	51 847 094
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 10)		
Authorized: 500 000 shares par value of $100		
Issued and paid-up: 270 000 shares (1983: 180 000 shares)	27 000 000	18 000 000
DEFICIT	9 508 833	2 681 013
	17 491 167	15 318 987
	$81 472 894	$67 166 081

ON BEHALF OF THE BOARD

André MARIER
Jean-Marc KIROUAC

RAFFINERIE DE SUCRE DU QUÉBEC

OPERATING RESULTS AND DEFICIT
for the fiscal year ended March 31, 1984

	1984	1983 (Note 13)
SALES	$40 173 588	$4 595 174
COST OF SALES AND OTHER CHARGES aside from the following:	41 702 716	5 272 977
Depreciation of fixed assets	1 026 379	634 514
	42 729 095	5 907 491
Operating loss	2 555 507	1 312 317
Net financial charges (Note 11)	4 272 313	1 381 783
Net loss	6 827 820	2 694 100
DEFICIT (RETAINED EARNINGS) AT THE BEGINNING	2 681 013	(11 013 087)
Conversion of capital stock		11 000 000
DEFICIT AT YEAR-END	$9 508 833	$2 681 013

RAFFINERIE DE SUCRE DU QUÉBEC

CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1984

	1984	1983 (Note 13)
SOURCE OF FUNDS		
Share issue	$9 000 000	$5 000 000
Long-term debt	2 959 000	16 241 432
Subsidy		5 659 800
Commitments under capital lease		6 000 000
Disposal of fixed assets	4 000	6 000 000
	11 963 000	38 901 232
APPLICATION OF FUNDS		
Net loss	6 827 820	2 694 100
Depreciation of fixed assets	(1 026 379)	(634 514)
Amortization of deferred charges	(422 490)	(46 614)
Loss on disposal of fixed assets	(2 350)	(2 180)
Deferred credit	67 235	46 631
Funds for operations	5 443 836	2 057 423
Acquisition of fixed assets	5 128 423	20 755 322
Long-term debt	1 707 703	250 000
Decrease in capital lease commitments	263 114	383 018
Deferred charges	3 007 315	2 663 681
Acquisition of fixed assets under capital lease		6 000 000
	15 550 391	32 109 444
INCREASE (DECREASE) IN WORKING CAPITAL	(3 587 391)	6 791 788
WORKING CAPITAL AT THE BEGINNING	7 330 688	538 900
WORKING CAPITAL AT YEAR-END	$3 743 297	$7 330 688

NOTES TO FINANCIAL STATEMENTS

at March 31, 1984

1 — CONSTITUTION AND SCOPE OF ACTIVITY

The Raffinerie de sucre du Québec is a joint-stock corporation founded under a special Act. The Raffinerie is charged with:

1° extracting, refining, making and marketing sugar from beets or other sources and derivatives, substitutes or by-products of sugar;

2° carrying out any industrial, agricultural, commercial or research activity compatible with the pursuit of the aforementioned goals.

2 — ACCOUNTING POLICIES

Raffinerie financial statements were prepared by management according to generally accepted accounting principles, given the framework and relative importance of accounting practice summarized as follows:

Inventories

Sugar stocks comprise sugar on hand (raw and refined) term contracts and the net position on commodity markets. Sugar on hand is valued at the lesser of cost and market value, to which the cost of refining and packaging is added in the case of refined sugar stocks. That covered by term sales contracts is valued at initial price where the commercial risk is not significant. The liability concerning term contracts for sales is subtracted from inventories.

Other stocks are valued as follows:

By-products — at net realization value;
Supplies — at average cost;
Seed grains — at cost.

Fixed assets

Fixed assets are entered at cost of acquisition. This includes materials, direct labour, related charges and start-up costs for the expansion and modernization of Raffinerie facilities under way. Also included is interest charged to the program. Government assistance for capital spending is subtracted from the cost of fixed assets.

Depreciation of buildings and rolling-stock is charged according to the straight-line method on the basis of estimated useful life. Annual rates vary from 2 % to 20 %.

The production method of depreciation is used in the case of land servicing, machinery and equipment.

Assets held under capital lease

Depreciation of assets held under the terms of a capital lease contract is charged using the same method as for machinery and equipment. Commitments under such a contract are recorded at the current value of minimal payments to be made.

Deferred charges

Charges incurred for the marketing of refined sugar are deferred and amortized on the basis of the quantity of product delivered during the year over the total projected for the length of contracts. Costs incurred under the program to promote the cultivation of sugar beets are deferred and will be amortized beginning with the 1985-1986 fiscal year, when the Raffinerie intends to start refined sugar production.

Deferred credit

The gain realized on the sale and leaseback of certain assets is recorded as deferred credit and transferred to operating results as depreciation is charged on such assets.

Expenditure assumed by the Government

The Raffinerie contribution as employer to its employee's pension plan as well as remuneration to an officer are assumed by the Government and not reflected on the statement of operating results.

3 — REVISED ACCOUNTING ESTIMATES

The Raffinerie has revised the method used to depreciate land servicing, machinery and equipment so as to bring depreciation charged to operations more into line with actual costs based on the useful life of these fixed assets.

The change has had the effect of reducing depreciation by $593 800 for the fiscal year ended March 31, 1984 and decreasing the net loss correspondingly.

4 — ADVANCES TO PRODUCERS

Under the terms of an agreement reached with the Régie des assurances agricoles du Québec, the Raffinerie made interest-free advance payments to sugar beet producers on November 20, 1983 and secured by the indemnity payable under the Farm Income Stabilization Insurance Fund on February 28 and April 20, 1984 by the Régie. Advances were fully reimbursed.

5 — INVENTORIES

	1984	1983
Sugar (raw and refined)	$4 868 355	$4 389 162
By-products	949 903	551 257
Supplies	864 093	796 616
Seed grain	342 941	305 381
	$7 025 292	$6 042 416

6 — SUBSIDY RECEIVABLE

The amount of $1 414 950 represents the balance of a total subsidy of $7 074 750 from the Government of Canada toward the expansion and modernization of facilities for producing semi-refined sugar, receivable at March 31, 1984. This balance will be cashed during the 1985-1986 fiscal year.

7 — FIXED ASSETS

	1984	1983
Land	$1 267 217	$1 267 217
Land servicing	3 118 220	2 382 388
Buildings	21 904 615	21 373 725
Machinery, equipment and rolling-stock	36 912 492	35 336 240
	63 202 544	60 359 570
Government subsidy	7 074 750	7 074 750
	56 127 794	53 284 820
Accumulated depreciation	5 718 171	6 432 023
	50 409 623	46 852 797
Expansion and mordernization of installations under way	1 277 715	657 510
	$51 687 338	$47 510 307

The program for expanding and modernizing Raffinerie installations will be completed during the next fiscal year, with costs to be incurred estimated at $2.4 million.

RAFFINERIE DE SUCRE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)

at March 31, 1984

8 — CAPITAL LEASE

For financing purposes, the Raffinerie disposed of certain assets during the 1982-1983 fiscal year for $6 million and leased them back for the same price. These assets are represented by:

	1984	1983
Machinery and equipment	$6 000 000	$6 000 000
Accumulated depreciation	137 932	56 595
	$5 862 068	$5 943 405

The following table details the current value of minimal payments to be made after March 31, 1984 under the lease contract.

Fiscal year	
1985	$1 004 105
1986	1 004 105
1987	1 004 105
1988	1 004 105
1989	1 004 105
Thereafter through 1995	5 363 340
Total minimum instalments	10 383 865
Less: Interest	4 787 422
	5 596 443
Less: current instalments	242 575
Capital lease commitment	$5 353 868

9 — LONG-TERM DEBT

	1984	1983
Debt relating to the expansion and modernization program under way		
Bank indebtedness	$38 600 000	$36 916 000
Owed on land acquisition	59 729	79 638
Guarantee withholdings		519 184
Accounts payable and accrued charges		318 610
	38 659 729	37 833 432
Other debt	1 825 000	1 400 000
Due within one year	250 000	250 000
	1 575 000	1 150 000
	$40 234 729	$38 983 432

Debt relating to the expansion and modernization program in progress is considered by the Raffinerie as long-term since repayments will be financed through the issue of capital stock or long-term debt instruments.

10 — CAPITAL-STOCK

All Raffinerie shares are held by the Government.

Authorized share capital is $50 million. During the fiscal year ended March 31, 1984, 90 000 shares were issued and paid-up.

During fiscal 1984-1985 the Government will pay up to $9 million and up to $3 million in fiscal 1985-1986 for a corresponding amount of its paid-up capital stock. The Government may also pay the Raffinerie an additional sum of $11 million for a corresponding amount of its capital stock, in one or more instalments, as it sees fit and according to the terms it decides to set. 90 000 shares were issued on June 19, 1984 for a cash payment of $9 million.

11 — NET FINANCIAL CHARGES

	1984	1983
Interest on borrowings and other	$4 560 298	$4 651 500
Transfer of deferred credit	(67 235)	(46 631)
Interest charged to the expansion and modernization program for Raffinerie installations	(210 284)	(3 204 626)
Other	(10 466)	(18 460)
	$4 272 313	$1 381 783

12 — EXPENDITURE ASSUMED BY THE GOVERNMENT

	1984	1983
Employer contribution to Raffinerie employees' pension and an officer's remuneration, including fringe benefits	$201 939	$152 693

13 — CHANGE OF PRESENTATION

The Raffinerie now subtracts the subsidy received as assistance toward the program of expansion and modernization of installations from fixed assets, while the subsidy was previously shown as deferred credit. This change in presentation, applied retroactively, has no effect on the year's operating results.

Certain 1983 figures relating to the change, as well as those from the statement of operating results, were reclassified for purposes of the 1984 presentation.

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

R.S.Q., c. R-4 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Régie de l'assurance automobile du Québec at February 29, 1984 as well as the statement of revenue and expenditure, that of the stabilization reserve and that of change in cash position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Régie at February 29, 1984 as well as its operating results for the fiscal year then ended according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, May 1, 1984

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

R.S.Q., c. R-4 and amendments

ACTUARIAL CERTIFICATE

As required under section 153 of the Automobile Insurance Act, I conducted a valuation of the amount needed to cover the payment of all present and future indemnities resulting from accidents occurring between March 1, 1978 and February 29, 1984, as provided for under Title II of the Act and those provided for under Title IV and section 202 of the Act resulting from accidents occurring between September 30, 1961 and February 29, 1984.

I my opinion, this valuation is based on reliable data and founded on appropriate assumptions and methods wholly in conformity with generally accepted actuarial principles.

At February 29, 1984, the actuarial reserve amounts to $1 557.9 million.

Jacques DALLAIRE, F.I.C.A.

Sillery, April 16, 1984

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

R.S.Q., c. R-4 and amendments

BALANCE SHEET
as at February 29, 1984
($ THOUSANDS)

	1984	1983
		(Note 10)
ASSETS		
Cash and term deposits	13 937	9 194
Accounts receivable	5 182	6 071
Owed by the Government	8 135	
Investment earnings accrued and receivable	35 009	29 818
Deposits in the General Fund of the Caisse de dépôt et placement du Québec		
Demand deposits	8 773	25 926
Term deposits		14 000
Participation deposits (Note 3)	1 905 963	1 547 834
	1 976 999	1 632 843
LIABILITIES AND RESERVE		
Accounts payable and accrued charges	25 774	23 946
Owed the Government		2 113
Deferred contributions (Note 4)	159 764	111 311
Commitments to victims — actuarial reserve (Note 5)	1 557 900	1 349 106
	1 743 438	1 486 476
Stabilization reserve	233 561	146 367
	1 976 999	1 632 843

COMMITMENTS (Note 9)

ON BEHALF OF THE BOARD OF DIRECTORS

Jean P. VÉZINA
Jacques DESMEULES

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

REVENUE AN EXPENDITURE

for the fiscal year ended February 29, 1984

($ THOUSANDS)

	1984	1983 (Note 10)
REVENUE		
Contributions		
Registration	287 687	288 162
Driver's licences	72 282	67 983
Investment earnings	203 827	181 916
Other	273	118
	564 069	538 179
EXPENDITURE		
Compensation paid		
Income replacement	92 622	80 059
Death benefits	23 097	18 181
Other	51 394	46 256
	167 113	144 496
Administrative expenses (Note 6)	100 968	97 224
Increase in the actuarial reserve	338 700	316 099
	606 781	557 819
OPERATING LOSS	(42 712)	(19 640)
Readjustment of prior years' actuarial reserve		
Extraordinary item		
Change to actuarial assumptions (Note 7)	89 006	(32 800)
Extraordinary item		
Legislative amendments (Note 8)	40 900	
SURPLUS REVENUE OVER EXPENDITURE	87 194	(52 440)

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

CHANGE IN CASH POSITION

for the fiscal year ended February 29, 1984

($ THOUSANDS)

	1984	1983 (Note 10)
SOURCE OF FUNDS		
Surplus revenue over expenditure	87 194	(52 440)
Items without impact on cash position		
Increase in the actuarial reserve	208 794	348 899
Amortization of implementation charges		1 589
Funds from operations	295 988	298 048
Increase in liabilities		
Accounts payable and accrued charges	1 828	(2 900)
Deferred contributions	48 453	2 163
Decrease in assets		
Accounts receivable	889	10 723
	347 158	308 034
APPLICATION OF FUNDS		
Funds entrusted to the Caisse de dépôt et placement du Québec		
Demand deposits	(17 153)	(27 038)
Term deposits	(14 000)	(68 000)
Participation deposits	358 129	381 507
	326 976	286 469
Increase in assets		
Owed by the Government	10 248	9 842
Investment earnings accrued and receivable	5 191	7 636
	342 415	303 947
NET INCREASE IN CASH POSITION	4 743	4 087
BALANCE AT THE BEGINNING	9 194	5 107
BALANCE AT YEAR-END	13 937	9 194

STABILIZATION RESERVE

for the fiscal year ended February 29, 1984

($ THOUSANDS)

	1984	1983
BALANCE AT THE BEGINNING		
Balance carried forward	144 770	195 350
Transfer from the general reserve of the Fonds d'indemnisation automobile du Québec (Note 1)	1 597	3 457
Adjusted balance	146 367	198 807
SURPLUS REVENUE OVER EXPENDITURE	87 194	(52 440)
BALANCE AT YEAR-END	233 561	146 367

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at February 29, 1984

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1 — CONSTITUTION AND SCOPE OF ACTIVITY

A corporation within the meaning of the Civil Code, the Régie de l'assurance automobile du Québec was founded on March 1, 1978. It replaces the Fonds d'indemnisation automobile du Québec since March 1, 1983 (S.Q., 1982, chapter 59). The Régie is responsible for:

(a) implementing the plan for compensating victims of bodily injury as prescribed by the Automobile Insurance Act;

(b) applying the plan for material compensation prescribed by Title IV of the Automobile Insurance Act;

(c) applying Highway Safety Code provisions covering the registration of road vehicles and the issuance of permits and licences; and

(d) promoting highway safety as relates to both driving habits and vehicle safety standards.

2 — ACCOUNTING POLICIES

Régie financial statements were prepared by management in accordance with generally accepted accounting principles, given the framework and relative importance of accounting practice summarized as follows:

(a) Deposits in the General Fund of the Caisse de dépôt et placement du Québec

Participation deposits are recorded at acquisition cost.

(b) Fixed assets

The cost of furniture, equipment and leasehold improvements is charged to administrative expenses.

(c) Actuarial reserve

The actuarial reserve includes:

(1) the capitalized value of income replacement, death benefits and other compensation for claims filed and accepted, less the current value of recoveries;

(2) the estimated cost of compensation payable for claims under study or not yet filed;

(3) the estimated cost for the future administration of compensation benefits.

(d) Recovery of compensation paid

No account receivable is shown on the balance sheet for compensation to be recovered relating to accidents that occurred before March 1, 1978. Amounts collected during the year are posted to operations, reducing compensation paid.

3 — PARTICIPATION DEPOSITS

At February 29, 1984 the Régie held 2 496 751 units (2 061 102 in 1983) of Caisse de dépôt et placement du Québec General Fund participation deposits. These units are redeemable on notice according to Caisse by-laws at the realization value of the General Fund's net equity at the end of each quarter. On the basis of unit value at December 31, 1983, the realization value of participation deposits held is estimated to be $2 087 168 479 ($1 651 256 300 in 1983).

4 — DEFERRED CONTRIBUTIONS

This item represents contributions paid before March 1, 1984 by automobile owners and drivers for fiscal years ending after February 29, 1984.

5 — COMMITMENTS TO VICTIMS — ACTUARIAL RESERVE

	1984	1983
	($ THOUSANDS)	($ THOUSANDS)
Claims filed and accepted:		
Capitalized value of future benefits including pension upgrading	1 357 400	1 166 083
Claims under study or not yet filed:		
Current estimated value of resulting compensation	116 300	110 747
Future administrative expenses:		
Current estimated value of charges for making benefit payments	84 200	72 276
	1 557 900	1 349 106

6 — ADMINISTRATIVE EXPENSES

	1984	1983
	($ THOUSANDS)	($ THOUSANDS)
Charges for collecting contributions	6 991	5 585
Wages, salaries and fringe benefits	56 962	53 607
Travel expenses	1 166	1 214
Rental of premises and equipment	6 947	7 256
Furniture, equipment and maintenance	2 366	3 571
Transportation and communications	5 091	5 186
Information and advertising	1 481	1 782
Professional and administrative services	8 128	6 898
Fees for claims experts in helping victims	451	300
Computer equipment and services	6 237	6 009
Printing, office supplies and other expenses	5 148	4 227
Amortization of implementation charges		1 589
	100 968	97 224

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at February 29, 1984

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7 — RETROACTIVE CHANGE TO THE ACTUARIAL RESERVE

The result of changes to assumptions at the time of valuation on February 28, 1983 is a decrease in the actuarial reserve by $89 006 000. These changes flow from statistical data gathered over the current fiscal year.

8 — LEGISLATIVE AMENDMENTS

Amendments during the current fiscal year to the Act respecting the Québec Pension Plan had the effect of reducing certain compensation payable to victims of accidents that occurred before March 1, 1983.

9 — COMMITMENTS

At February 29, 1984 minimal payments under long-term leases for premises detail as follows:

	($ THOUSANDS)
1985	5 515
1986	4 435
1987	2 089
1988	1 682
1989	1 303
1990 and subsequent fiscal years	1 907
	16 931

The Régie entered into a contract to supply equipment and software need for the computerized handling of vehicle registration and driver's licences. The balance of this commitment amounts to $6 600 000 at February 29, 1984

10 — COMPARATIVE FIGURES

Financial data from the previous fiscal year were adjusted to give effect to the replacement of the Fonds d'indemnisation automobile du Québec by the Régie as of March 1, 1983. Certain 1983 figures have been reclassified for purposes of the 1984 presentation.

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

R.S.Q., c. A-26 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Régie de l'assurance dépôt du Québec at December 31, 1983, as well as the statement of operating results and deficit for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Régie at December 31, 1983 and the results of its operations for the year then ended according to the accounting policies in note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, February 24, 1984

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

R.S.Q., c. A-26 and amendments

BALANCE SHEET
as at December 31, 1983

	1983	1982
ASSETS		
Cash	$1 939 586	$2 528 432
Premiums and other accounts receivable	233 645	2 036 634
Advances to registered institutions (Note 3)	8 045 040	26 029 174
Claims on insured deposits (Note 4)	6 825 600	6 999 790
	$17 043 871	$37 594 030
LIABILITIES		
Borrowings (Note 5)	$11 600 000	$33 700 000
Accrued interest on borrowings	50 389	308 972
Accounts payable	260 026	
	11 910 415	34 008 972
FONDS D'ASSURANCE-DÉPÔTS EQUITY		
Premiums		
Balance at the beginning	3 106 930	
Premiums for the year	3 896 971	3 106 930
Balance at year-end	7 003 901	3 106 930
Contribution from the Government	1 000 000	1 000 000
Accumulated deficit	(2 870 445)	(521 872)
	5 133 456	3 585 058
	$17 043 871	$37 594 030

CONTINGENT LIABILITIES (Note 7)

ON BEHALF OF THE BOARD OF DIRECTORS

Jean-Marie BOUCHARD
Victor-P. GUERCI

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

OPERATING RESULTS AND DEFICIT

for the fiscal year ended December 31, 1983

	1983	1982
REVENUE		
Interest on advances to registered institutions	$773 268	$5 136 794
Interest on deposits and other accounts receivable	101 196	771 900
	874 464	5 908 694
EXPENDITURE		
Interest on borrowings	1 871 416	6 601 384
Wages, salaries and other remuneration	181 719	203 719
Other expenses	15 257	23 474
Charged by the Inspector General of Financial Institutions	66 487	
	2 134 879	6 828 577
Less: Administrative expenses assumed by the Government		223 121
	2 134 879	6 605 456
NET LOSS FOR THE YEAR	1 260 415	696 762
DEFICIT (NET ACCUMULATED SURPLUS) AT THE BEGINNING	521 872	(143 490)
	1 782 287	553 272
Increase (decrease) in the provision for losses	1 088 158	(31 400)
DEFICIT AT YEAR-END	$2 870 445	$521 872

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS

1 — SCOPE OF ACTIVITY AND FINANCING

The Régie de l'assurance-dépôts du Québec, created under the Deposit Insurance Act (R.S.Q., c. A -26), guarantees the depositor of money in a registered institution the payment of capital and interest upon maturity, to a maximum of $60 000.

The Government, under the terms it sets, provides the Régie with the sums needed to constitute adequate reserves to cover risks assumed. The Government may also provide the Régie with advances or guarantee the payment of commitments it might make. The unpaid balance of such advances and guarantees may not exceed $700 000 000.

2 — ACCOUNTING POLICIES

Régie financial statements were prepared by management according to the accrual method, given the framework and relative importance of accounting practice summarized as folows:

Premiums

Premiums collected from registered institutions are calculated on the basis of the amount of their insured deposits at March 31 each year and posted to Deposit Insurance Fund equity.

Provision for losses

Provision for losses arising from the subrogation of depositors' rights and interests or from specific intervention taken is entered on the books as soon as a reasonable evaluation can be carried out. Losses are charged to accumulated net surplus or deficit, as the case may be.

Administrative expenses

Administrative expenses formerly assumed by the Government are as of the current fiscal year paid by the Régie, except for the cost of employee fringe benefits.

Only expenses assumed by the Régie are shown on the statement of operating results and deficit.

3 — ADVANCES TO REGISTERED INSTITUTIONS

At December 31, 1983, advances to registered institutions detail as follows:

Confédération des caisses populaires et d'économie Desjardins du Québec, interest free and payable in 1986.	$6 400 000
Fédération des caisses d'entraide économique du Québec, interest free and payable in 1985 secured by bonds with a market value of $1 664 500 at December 31, 1983	1 500 000
Société d'entraide économique Brome-Missisquoi, secured by 710 units of the Fédération des caisses d'entraide économique du Québec bond fund with a book value of $313 400 at December 31, 1983, payable on demand and bearing interest at ¼ of 1 % over prime	145 040
	$8 045 040

4 — CLAIMS FOR REIMBURSEMENT OF INSURED DEPOSITS

Under its powers of subrogation, the Régie believes it can recover the following on amounts paid the depositors of registered institutions:

	1983	1982
Claims		
(Payments less amounts recovered)	$8 468 600	$7 552 910
Provision for losses	1 643 000	553 120
	$6 825 600	$6 999 790

In the years ahead, the Régie may be called upon to make further payments on the balance of insured deposits in the amount of $3 200 000 with a registered institution.

5 — BORROWINGS

	1983	1982
Caisse centrale Desjardins du Québec, due July 1, 1983, renewable yearly, bearing interest at the prime rate, guaranteed by the Government	$5 200 000	$22 500 000
Gouvernement du Québec, due in 1986 and interest free	6 400 000	6 400 000
Fédération des caisses populaires Desjardins de Québec		4 800 000
	$11 600 000	$33 700 000

6 — INSURED DEPOSITS

According to the annual reports filed by institutions registered at March 31, 1983, insured deposits amounted to $20 billion ($15.6 billion in 1982).

NOTES TO FINANCIAL STATEMENTS (cont'd)

7 — CONTINGENT LIABILITIES

Crown Trust

This Ontario trust company was seized by the government of that province on January 7, 1983 under legal provisions governing trust and loan companies. Crown Trust was operating in Québec under Régie permit.

According to an agreement reached February 7, 1983 between Crown Trust, Central Trust, the Deposit Insurance Corporation of Canada and the Registrar under the Loan and Trust Corporations Act of Ontario, Central Trust was appointed to administer the affairs of Crown Trust for a period of five years. The agreement allows Central Trust to acquire Crown Trust assets under certain conditions. Any loss arising from the liquidation of certain Crown Trust assets will be borne by the Deposit Insurance Corporation of Canada. Since part of Crown Trust deposits are insured by the Régie (deposits of $60 000 and less accepted in Québec), an agreement has yet to be reached with the Deposit Insurance Corporation on the sharing of losses. An estimate of the loss to be sustained by the Régie with respect to Crown Trust cannot be made until the Central Trust liquidation of Crown Trust assets has not advanced to a further stage.

Société d'entraide économique

Shareholders of the sociétés d'entraide économique of la Tuque, Chandler and K.R.T. have approved their liquidation and under section 158 of the Act respecting the sociétés d'entraide économique the Inspector General of Financial Institutions approved the choice.

The latest report from the liquidators reveals a shortfall of $4 800 000 after subtracting the payment of shares. Contingent liabilities in addition to the $620 000 already recorded at December 31, 1983 that the Régie could incur as a result of liquidation could not be evaluated at the time the financial statements were being prepared. That liability may only be determined once assets have been liquidated and deposits paid.

RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC

R.S.Q., c. R-5 and amendments

AUDITOR'S REPORT

I have examined the statement of assets and liabilities of the Régie de l'assurance-maladie du Québec at March 31, 1984 as well as that of the cost and financing of programs administered by the Régie for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the assets and liabilities of the Régie at March 31, 1984, along with its operating costs and financing for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, June 8, 1984

RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC

R.S.Q., c. R-5 and amendments

ASSETS AND LIABILITIES

as at March 31, 1984
($ THOUSANDS)

	1984	1983
ASSETS		
Cash	2 217	7 483
Contributions receivable from the Health Services Fund	141 999	121 405
Charges to recover:		
Health Assistance program	20 645	21 791
Other programs	19 283	16 057
Sundry accounts receivable	1 434	2 408
Head office building (Note 3)	17 605	17 823
	203 183	186 967
LIABILITIES		
Outstanding cheques	18 503	22 376
Insured services payable	159 531	139 808
Sundry accounts payable and accrued charges	7 544	6 960
Mortgage loan (Note 3)	17 605	17 823
	203 183	186 967

ON BEHALF OF THE REGIE

J. Auguste MOCKLE
Jean-Jacques MAINGUY

COST AND FINANCING OF PROGRAMS ADMINISTERED BY THE REGIE

for the fiscal year ended March 31, 1984
($ THOUSANDS)

	Health Insurance Plan	Health Assistance	Other Programs	Total	
				1984	1983
					(Note 7)
COST OF PROGRAMS					
Medical services	1 090 688		58 525	1 149 213	970 442
Optometric services	27 783	3 042		30 825	25 263
Dental services	56 741	43 677		100 418	94 311
Drugs and pharmaceutical services	122 351	56 043	17	178 411	150 353
Prostheses	12 161	4 005		16 166	12 578
Scholarships and allowances	5 621			5 621	3 417
Hospital services (Note 4)			106 904	106 904	97 931
	1 315 345	106 767	165 446	1 587 558	1 354 295
Recovery of third-party liabilities and contributions from foreign nationals			2 273	2 273	2 764
	1 315 345	106 767	163 173	1 585 285	1 351 531
ADMINISTRATIVE EXPENSES (Note 5)	45 857	4 886	2 280	53 023	53 423
	1 361 202	111 653	165 453	1 638 308	1 404 954
SOURCES OF FINANCING					
Health Services Fund	1 356 593			1 356 593	1 162 621
Gouvernement du Québec		111 653	145 144	256 797	223 902
Reciprocal agreements with other provinces (Note 4)			13 426	13 426	12 678
Commission de la santé et de la sécurité du travail	2 869		6 883	9 752	2 216
Other	1 740			1 740	3 537
	1 361 202	111 653	165 453	1 638 308	1 404 954

RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS

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1 — CONSTITUTION, SCOPE OF ACTIVITY AND FINANCING

Created under the Act respecting the Régie de l'assurance-maladie du Québec, the Régie is a corporation given responsibility for administering the health insurance plan and any other program entrusted to it by the Government or the Act.

The Régie is charged with administering, among others, the Health Assistance program of the ministère de la Main-d'oeuvre et de la Sécurité du revenu, the ministère de l'Éducation program for remunerating resident doctors and interns and the following parts of ministère des Affaires sociales programs: the payment of hospital services rendered outside Québec, as well as the collection of amounts recoverable for hospital services from liable third parties, residents of other provinces and foreign nationals. The Régie also pays for the professional services of physicians working within the framework of legislation administered by the Commission de la santé et de la sécurité du travail, which then reimburses the Régie.

Funding for the health insurance plan comes from the Health Services Fund, itself financed through employer contributions and sums paid by the Minister of Finance from the Consolidated Revenue Fund according to Régie needs.

2 — MAIN ACCOUNTING POLICIES

The Régie's financial statements were prepared by management, given the framework and relative importance of accounting practice summarized as follows:

Sources of financing

Revenue is recorded on the accrual basis, except for amounts recovered from third parties and contributions from foreign nationals which are entered on a cash basis.

Cost of programs

Insured services under the Health Insurance Act charged to the health insurance and health assistance programs include requests for payment received by April 30th for services rendered and drugs supplied before the first of that month. Expenditure on other programs is recorded upon outlay.

Administrative expenses

Administrative expenses are recorded on the accrual basis.

Fixed assets

The head office building is recorded at cost of acquisition and depreciation is charged on the basis of that portion of the mortgage loan repaid during the year. The purchase of furniture and equipment, along with the cost of leasehold improvements, is posted to administrative expenses.

3 — HEAD OFFICE BUILDING AND MORTGAGE LOAN

	1984	1983
	($ THOUSANDS)	($ THOUSANDS)
Building, at cost	18 537	18 537
Accumulated depreciation	932	714
	17 605	17 823

The Régie refinanced its mortgage loan in July 1983, following recall. The loan is for $17 735 000 at a rate of 12.25%, payable in monthly instalments of $194 642 over 20 years covering capital and interest. Any balance of capital, interest or ancillary charges become due August 1, 1988. Payment of this mortgage is guaranteed by the Government.

4 — HOSPITAL SERVICES

	1984	1983
	($ THOUSANDS)	($ THOUSANDS)
Hospital services to Québec residents outside the province	93 478	85 253
Hospital services rendered in Québec to residents of other provinces	13 426	12 678
	106 904	97 931

5 — ADMINISTRATIVE EXPENSES

	1984	1983
	($ THOUSANDS)	($ THOUSANDS)
Wages, salaries and fringe benefits	36 281	36 188
Office space, furniture and equipment	7 658	7 820
Supplies	2 414	2 559
Transportation and communications	2 873	2 927
Interest on mortgage loan	2 033	1 855
Professional and other services	1 546	1 828
Depreciation on head office building	218	246
	53 023	53 423

6 — REMUNERATION OF HEALTH PROFESSIONALS

Remuneration to health professionals continued on the fee structure of expired agreements, except for general practicioners and specialists, who are covered by renewed agreements.

7 — COMPARATIVE FIGURES

Certain figures from the 1983 statement of the cost and financing of programs administered by the Régie year were adjusted for purposes of comparison with the 1984 presentation.

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

R.S.Q., c. A-30

AUDITOR'S REPORT

I have examined the balance sheet of the insurance funds administered by the Régie des assurances agricoles du Québec at March 31, 1984 as well as the statement of revenue, expenditure and deficit of the Crop Insurance Fund and the statement of revenue, expenditure and deficit of the Farm Income Stabilization Insurance Fund for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial position of the insurance funds administered by the Régie at March 31, 1984 and the results of their operations for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, February 4, 1985

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

R.S.Q., c. A-30

INSURANCE FUNDS

BALANCE SHEET
as at March 31, 1984

	1984	1983
ASSETS		
CROP INSURANCE FUND		
Cash	$92 749	$1 044 198
Demand deposits in the General Fund of the Caisse de dépôt et placement du Québec and accrued interest		
Owed by the Farm Income Stabilization Insurance Fund		4 858 701
	$96 256	$12 940 510
FARM INCOME STABILIZATION INSURANCE FUND		
Demand deposits in the General Fund of the Caisse de dépôt et placement du Québec and accrued interest	$10 563 661	$12 371
Accounts receivable	264 364	2 798
Contribution receivable from the Government	4 003 102	14 224 021
Advances to the insured (Note 3)	6 142 361	16 630 230
Owed by the Crop Insurance Fund	2 215 557	
	$23 189 045	$30 869 420
LIABILITIES		
CROP INSURANCE FUND		
Provision for indemnities and compensation to the insured	$5 769 900	$438 215
Premiums paid in advance	5 661 349	3 800 484
Owed the Farm Income Stabilization Insurance Fund	2 215 557	
	13 646 806	4 238 699
Fund deficit (equity)	13 550 550	(8 701 811)
	$96 256	$12 940 510
FARM INCOME STABILIZATION INSURANCE FUND		
Outstanding cheques less cash	$18 200 065	$3 194 631
Provision for compensation to the insured	53 846 000	9 888 271
Unearned contribution and premiums	48 128 698	27 813 876
Owed the Crop Insurance Fund		4 858 701
	120 174 763	45 755 479
Fund deficit	96 985 718	14 886 059
	$23 189 045	$30 869 420

SUBSEQUENT EVENT (Note 6)

ON BEHALF OF THE REGIE

Jacques BRULOTTE
Magella LECLERC

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

CROP INSURANCE FUND

REVENUE, EXPENDITURE AND DEFICIT
for the fiscal year ended March 31, 1984

	1984	1983
REVENUE		
Premiums	$8 047 256	$6 189 640
Contribution from the Government	8 047 256	6 189 640
	16 094 512	12 379 280
Interest on deposits	1 511 554	2 260 082
	17 606 066	14 639 362
EXPENDITURE		
Indemnities and compensation	39 858 427	14 003 045
Administrative expenses (Note 4)	7 509 393	5 641 728
	47 367 820	19 644 773
Less: expenses assumed by the Government	7 509 393	5 641 728
	39 858 427	14 003 045
SURPLUS REVENUE OVER EXPENDITURE	(636 317)	
FUND EQUITY AT THE BEGINNING	8 701 811	8 065 494
FUND DEFICIT (EQUITY) AT YEAR-END	$13 550 550	($8 701 811)

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

FARM INCOME STABILIZATION INSURANCE FUND

REVENUE, EXPENDITURE AND DEFICIT
for the fiscal year ended March 31, 1984

	1984	1983
REVENUE		
Premiums	$16 786 693	$12 506 295
Contribution from the Government	33 573 387	25 012 590
	50 360 080	37 518 885
Interest on deposits	546 009	1 385 627
	50 906 089	38 904 512
EXPENDITURE		
Compensation to the insured	133 005 748	39 276 587
Administrative expenses (Note 4)	1 325 189	995 599
	134 330 937	40 272 186
Less: Expenses assumed by the Government	1 325 189	995 599
	133 005 748	39 276 587
SURPLUS EXPENDITURE OVER REVENUE	82 099 659	372 075
FUND DEFICIT AT THE BEGINNING	14 886 059	14 513 984
FUND DEFICIT AT YEAR-END	$96 985 718	$14 886 059

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

INSURANCE FUNDS

NOTES TO FINANCIAL STATEMENTS

at March 31, 1984

1 — CONSTITUTION, SCOPE OF ACTIVITY AND FINANCING

The Régie des assurances agricoles du Québec, a corporation within the meaning of the Civil Code, is responsible for administering crop insurance and farm income stabilization insurance plans established by the Government.

Crop insurance

The object of the crop insurance plan is to provide a guarantee to farmers of a minimum return for their production upon payment of premiums. The contribution of the Government and the premiums farmers pay (50-50) serve to create an insurance fund which, in the long term, will be sufficient to pay indemnities guaranteed under contract to farmers.

Where the resources of the insurance fund prove insufficient to pay indemnities and compensation, the Minister of Finance is authorized to advance sums to the Régie from the Consolidated Revenue Fund to make such payments. The reimbursement of advances is subject to terms set by the Government.

Farm income stabilization insurance schemes

The purpose of farm income stabilization insurance is to guarantee producers an annual net income. The contribution from the Government is double that of farmers paying premiums; together they comprise an insurance fund obligated under the terms of its constitutive Act to make all compensation payments to which participants are entitled.

Where the resources of the insurance fund prove insufficient to pay indemnities and compensation, the Minister of Finance is authorized to advance sums to the Régie from the Consolidated Revenue Fund to make such payments. The reimbursement of advances is subject to terms set by the Government.

The Régie may borrow funds to make payments under a farm income stabilization insurance scheme. It may use as security for such borrowings all or part of premiums it collects from farmers and Government contributions. The Government sets the amount of any borrowing, the interest rate and other terms as well as the conditions under which premiums and contributions may be used as security. The Government may also guarantee Régie borrowings.

2 — ACCOUNTING POLICIES

Administrative expenses

The Régie's administrative expenses are assumed by the Government and paid out of the sums granted annually by the Legislature for that purpose.

The cost of fringe benefits to Régie employees and that of support services such as telephone, rental of premises, data processing and the like are paid from appropriations voted to the various departments concerned and are not included in the statement of revenue, expenditure and deficit of the insurance funds.

The acquisition, cost of fixed assets is charged to expenditure for the year in accordance with Government accounting practice

Insurance premiums, contributions and compensation — farm income stabilization insurance schemes

Contributions and premiums for farm income stabilization insurance are recorded for the fiscal year during which the insurance year and/or the period used to establish prices for compensation purposes, ends.

Any contribution or premium collected for years ending after March 31 appears as "unearned contribution or premiums" on the balance sheet and indemnities paid in advance as "advances to the insured".

3 — ADVANCES TO THE INSURES

Scheme	
Piglet producers	$5 177 450
Sugar beet producers	964 911
	$6 142 361

The period for setting prices under the scheme for piglet producers runs from July 1, 1983 to June 30, 1984. In the case of sugar beet producers, the price-setting period under the scheme corresponds to the harvest selling period, from October 1, 1983 to April 30, 1984.

4 — ADMINISTRATIVE EXPENSES

	1984	1983
Crop Insurance Fund		
Wages, salaries, allowances and other remuneration	$2 442 193	$2 390 712
Transportation and communications	252 080	225 151
Professional, administrative and other services	4 464 535	2 780 381
Maintenance and repairs	24 734	21 351
Rent	58 972	47 615
Supplies	148 030	82 244
Equipment	115 833	88 620
Other	3 016	5 654
	$7 509 393	$5 641 728
Farm Income Stabilization Insurance Fund		
Wages, salaries, allowances and other remuneration	$430 976	$421 890
Transportation and communications	44 485	39 733
Professional, administrative and other services	787 859	490 655
Maintenance and repairs	4 365	3 768
Rent	10 407	8 403
Supplies	26 124	14 513
Equipment	20 441	15 639
Other	532	998
	$1 325 189	$995 599

5 — CLASS ACTION

A class action has been brought against the Régie in relation to the income stabilization insurance scheme for butcher's meat producers. The suit is for an amount in the order of $2 900 000.

Using criteria cited by the plaintiff, the Régie estimates, however, that the suit cannot exceed $1 200 000.

The lawsuit bears essentially on the method used for evaluating damage.

The Régie considers that even if the method sought by the plaintiff were applied, there would be no outlay required since after a certain number of years, the amount of indemnity payable would be roughly the same whatever the method. The Régie therefore has not recorded a provision for the suit.

6 — SUBSEQUENT EVENT

On December 21, 1984 the Régie obtained a revolving line of credit for the amount of $40 000 000 with the Caisse de dépôt et placement du Québec. Toward that end, the Régie assigned as security the contribution paid by the Government under the Act respecting farm income stabilization insurance.

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

CROP INSURANCE FUND

BREAKDOWN BY TYPE OF CROP
for the fiscal year ended March 31, 1984

	Balance (deficit) at March 31 1983	Premiums and contribution	Indemnities and compensation	Interest on deposits	Balance (deficit) at March 31 1984
General crops					
Individual					
Cereals	$1 975 545	$661	$250	$193 347	$2 169 303
Corn silage	1 259 131	15 976	57 024	124 216	1 342 299
Grassland	2 092 210	2 877	9 978	204 572	2 289 681
Group					
Cereals	(522 508)	1 045 811	1 636 484	2 021	(1 111 160)
Corn silage	988 792	513 847	352 178	134 545	1 285 006
Hay	(7 003 822)	6 302 491	24 676 084	(655 273)	(26 032 688)
Commercial crops					
Sugar beets	(17 294)	368 825	622 099	15 825	(254 743)
Blueberries	(118 783)	29 786	87 817	(11 482)	(188 296)
Cereals	1 312 324	615 426	1 351 990	171 067	746 827
Cereal grains	291 953	17 598	30 370	29 875	309 056
Strawberries	13 519	195 538	532 552	394	(323 101)
Raspberries	(187 509)	54 470	76 320	(14 931)	(224 290)
Yellow beans	295 391	51 442	8 088	32 591	371 356
Green beans	100 871	32 167	4 243	11 802	140 597
Legumes	40 796	216 822	611 997	(6 154)	(360 533)
Grain corn	4 808 118	2 684 401	3 635 485	690 618	4 547 652
Sweet corn	195 015	134 287	169 185	25 383	185 500
Green peas (Alaska variety, smooth)	218 709	146 905	129 654	29 826	265 786
Green peas, wrinkled	319 631	151 750	129 286	39 899	381 994
Apples (categorized)	(1 842 735)	1 017 096	901 035	(84 577)	(1 811 251)
Apples (uncategorized)	(92 180)	116 080	174 224	1 135	(149 189)
Dwarf and semi-dwarf apple trees	3 528	34 358	20 293	5 797	23 390
Potatoes	(395 023)	922 059	3 827 375	(17 159)	(3 317 498)
Cigar tobacco	157 076	11 490	(13)	16 043	184 622
Blond tobacco	4 840 781	1 028 851	284 665	551 468	6 136 435
Garden crops					
Sundry vegetables	40 019	56 153	101 292	7 453	2 333
Leaf vegetables	25 789	88 594	138 214	7 690	(16 141)
Fruit	(61 154)	97 057	121 812	(462)	(86 371)
Root vegetables	(40 535)	123 877	130 904	4 775	(42 787)
Hardy vegetables	1 359	7 203	9 372	665	(145)
Greenhouse crops					
Cucumbers	629	937	444	149	1 271
Lettuce	(6 012)	28	1	(652)	(6 637)
Tomatoes	8 180	9 649	27 745	1 086	(8 828)
	$8 701 811	$16 094 512	$39 858 427	$1 511 554	$(13 550 550)

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

FARM INCOME STABILIZATION INSURANCE FUND

BREAKDOWN BY SCHEME
for the fiscal year ended March 31, 1984

Scheme	Balance (deficit) at March 31 1983	Premiums and contribution	Indemnities and compensation	Interets on deposits	Balance (deficit) at March 31 1984
Producers of butcher's meat	$(9 094 988)	$18 691 792	$ 33 612 428	$364 331	$(23 651 293)
Producers of potatoes	58 843	4 245 809	13 472 414	(419 551)	(9 587 313)
Producers of piglets	(889 013)	6 837 942	(10 057)	1 236 709	7 195 695
Producers of grain corn	(24 248)	4 643 777	19 656 268	(292 884)	(15 329 623)
Producers of cereal corps	146 141	235 062	1 328 904	31 728	(915 973)
Producers of grain-fed calves	(2 322 438)	3 945 416	5 217 707	(116 436)	(3 711 165)
Producers of sugar beets	(1 388 916)	536 440	4 751 947	(526 807)	(6 131 230)
Pork producers	1 047 765	8 848 743	50 796 412	374 075	(40 525 829)
Lamb producers	(2 419 205)	2 375 099	4 179 725	(105 156)	(4 328 987)
	$(14 886 059)	$50 360 080	$133 005 748	$546 009	$(96 985 718)

RÉGIE DES INSTALLATIONS OLYMPIQUES

R.S.Q., c. R-7

OPERATING FUND

AUDITORS' REPORT

To the minister responsible for the
Régie des installations olympiques

We have examined the balance sheet of the Operating Fund of the Régie des installations olympiques at October 31, 1983 as well as the statement of results and deficit for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial situation of the Régie's Operating Fund at October 31, 1983 as well as the results of its operations for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

RAYMOND, CHABOT, MARTIN, PARÉ & ASSOCIÉS
Chartered Accountants

Montréal, December 12, 1983

RÉGIE DES INSTALLATIONS OLYMPIQUES

R.S.Q., c. R-7

OPERATING FUND

BALANCE SHEET

as at October 31, 1983

	1983	1982
ASSETS		
Cash	$129 415	$220 446
Accounts receivable	1 190 415	1 472 239
Inventories	549 577	570 350
Prepaid expenses	153 995	191 511
Fixed assets, at amortized cost (Note 4)	6 270 039	4 218 722
	$8 293 441	$6 673 268
LIABILITIES		
Current borrowings	$1 550 000	$2 050 000
Accounts payable and commitments	6 165 441	5 896 122
Owed the Construction Fund	22 266	167 854
Deferred revenue	1 003 113	517 209
	8 740 820	8 631 185
DEFICIT	(447 379)	(1 957 917)
	$8 293 441	$6 673 268

The accompanying notes are an integral part of the financial statements.

ON BEHALF OF THE BOARD OF DIRECTORS

Jean DESCHAMPS, Director
Roger T. TRUDEAU, Director

RÉGIE DES INSTALLATIONS OLYMPIQUES

R.S.Q., c. R-7

OPERATING FUND

RESULTS
for the fiscal year ended October 31, 1983

	1983	1982
REVENUE		
Sports facilities:		
Rental income and entrance fees	$5 001 911	$5 080 346
Parking	1 261 271	1 339 624
Apartments, commercial and office space:		
Rental income and parking	7 896 979	7 067 064
Fees — food concessions	1 308 979	1 358 126
Restaurants	1 661 821	1 506 488
Advertising	1 001 726	995 851
Energy costs recovered from third parties	632 095	538 896
Work and services invoiced to tenants	541 662	479 219
Tours and souvenirs	437 238	512 765
Other	257 834	324 435
	20 001 516	19 202 814
EXPENDITURES		
Remuneration — regular employees	6 195 205	7 177 392
Remuneration — casual employees	1 563 280	1 774 044
Fringe benefits	669 499	613 088
Service contracts	5 666 068	4 979 153
Materials and equipment rental	1 584 991	1 499 790
Food and beverage for restaurants	586 575	573 943
Energy, heat, light and air conditioning	3 948 025	3 945 724
Insurance and taxes	429 877	485 387
Royalties and fees	329 294	398 516
Depreciation of fixed assets	1 438 592	1 131 592
Interest on current borrowings	397 246	757 934
Tickets for resale	364 787	342 294
Printing, stationary, telephone and messenger services	552 684	519 140
Advertising	254 762	278 730
Other	744 449	603 044
	24 725 334	25 079 771
Less: Expenses charged to the Construction Fund	714 238	724 350
	24 011 096	24 355 421
OPERATING DEFICIT	(4 009 580)	(5 152 607)
Expenditure (revenue) from previous years	(142 218)	56 984
TOTAL DEFICIT	(3 867 362)	(5 209 591)
Subsidy from the Government	5 377 900	6 700 000
NET SURPLUS AT YEAR-END	$1 510 538	$1 490 409

The accompanying notes are an integral part of the financial statements.

DEFICIT
for the fiscal year ended October 31, 1983

	1983	1982
SURPLUS (DEFICIT) AT THE BEGINNING		
Balance carried forward	$22 083	$(1 828 326)
Retroactive adjustment (Note 3)	(1 980 000)	(1 620 000)
Adjusted balance	(1 957 917)	(3 448 326)
NET SURPLUS FOR THE YEAR	1 510 538	1 490 409
DEFICIT AT YEAR-END	$(447 379)	$(1 957 917)

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

OPERATING FUND

NOTES TO FINANCIAL STATEMENTS
at October 31, 1983

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1 — LEGAL STATUS AND SCOPE OF ACTIVITY

The Régie des installations olympiques, a corporation created under the Act respecting the Régie des installations olympiques, is an agent of the Government.

The Régie has been made responsible for operating the Olympic Village and the facilities on site as well as the Centre Paul Sauvé.

The Régie must first use its revenue for operations, then for paying off loans, advances or other commitments made in connection with Olympic installations. Once these debts have been acquitted, Olympic Park facilities become the property of the City of Montréal.

2 — ACCOUNTING PRACTICE

Expenditure charged to the Construction Fund:

The Régie charges to the Construction Fund all direct and indirect administrative costs relating to the completion of facilities and the settlement of pre-Olympic accounts.

Income tax:

As an agent of the Government, the Régie is not subject to corporate income tax.

Claims:

The Régie records claims against third parties at the time of settlement.

Inventories:

Inventories are recorded at the lesser of average cost and net realization value.

Fixed assets:

Fixed assets acquired for operations are shown at cost of acquisition and depreciation is charged according to the straight-line method.

Equipment and household appliances	20%
Outdoor electronic billboards	10%
Leasehold and specific improvements	length of lease in the case of space rental and 20% in other cases
Rolling-stock	26⅓%

Commitments:

The Régie records the cost of goods and services upon issue of the purchase order.

3 — RETROACTIVE ADJUSTMENT

Legislation concerning the Olympic Village gave the Régie a servitude for use of land under the terms of an agreement between the City of Montréal and Les Terrasses Zarolega Inc. The Régie disputes the claim by the City for rent, which at October 31, 1983 amounts to $2 340 000 in capital and interest thereon.

The Régie made an entry on the books during the fiscal year in the amount of $2 340 000 as provision for the eventual settlement of the claim.

The entry has the effect of correspondingly increasing the item "accounts payable and commitments" at October, 1983, reducing the net surplus for the year by $360 000 and accumulated surplus at the beginning of the year by $1 980 000.

The prior year's financial statements were adjusted to reflect the change. "Accounts payable and commitments" at October 31, 1982 was accordingly increased by $1 980 000, net surplus for the fiscal year then ended reduced by $360 000 and the surplus at the beginning by $1 620 000.

4 — FIXED ASSETS

	1983			1982
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Household appliances	$1 317 118	$1 134 513	$182 605	$446 028
Equipment	3 988 482	2 824 235	1 164 247	1 122 867
Outdoor electronic billboards	1 246 336	51 931	1 194 405	
Leasehold and specific improvements	4 471 506	1 802 026	2 669 480	2 537 028
Rolling-stock	246 104	123 314	122 790	112 799
Projects under way	936 512		936 512	
	$12 206 060	$5 936 021	$6 270 039	$4 218 722

5 — COMPARATIVE FIGURES

Certain data from the previous fiscal year were reclassified for purposes of comparison with the current presentation.

RÉGIE DES INSTALLATIONS OLYMPIQUES

R.S.Q., c. R-7

CONSTRUCTION FUND

AUDITORS' REPORT

To the minister responsible for the
Régie des installations olympiques

We have examined the balance sheet of the Construction Fund of the Régie des installations olympiques at October 31, 1983 as well as the statement of change in financial position and that of the construction cost of facilities for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial situation of the Régie's Construction Fund at October 31, 1983 as well as the change in financial position and the construction cost of facilities for the fiscal year then ended according to the accounting policies in Note 3, applied on a basis consistent with that of the previous year.

RAYMOND, CHABOT, MARTIN, PARÉ & ASSOCIÉS
Chartered Accountants

Montréal, December 12, 1983

RÉGIE DES INSTALLATIONS OLYMPIQUES

R.S.Q., c. R-7 and amendments

CONSTRUCTION FUND

BALANCE SHEET

as at October 31, 1983

	1983	1982
ASSETS		
Construction cost of facilities (p. 246)	$1 067 313 614	$1 064 073 984
Interest on long-term borrowings, capitalized	16 160 455	16 160 455
	1 083 474 069	1 080 234 439
Contributions received (Note 4)	(498 458 138)	(458 676 502)
	585 015 931	621 557 937
Other assets:		
Cash	157 022	5 585
Accounts receivable	250	228 345
Advance to the Operating Fund	22 266	167 854
Prepaid expenses	2 443	1 955
Accrued interest to be assumed by the Special Olympic Fund during the coming fiscal year	14 322 282	17 533 849
	14 504 263	17 937 588
	$599 520 194	$639 495 525
LIABILITIES		
Long-term debt (Note 5)	$559 627 248	$559 627 248
Current borrowings		32 200 000
Accounts payable and commitments (Note 6)	25 570 664	30 134 428
Accrued interest	14 322 282	17 533 849
	$599 520 194	$639 495 525

The accompanying notes are an integral part of the financial statements.

ON BEHALF OF THE BOARD OF DIRECTORS

Jean DESCHAMPS, Director
Roger T. TRUDEAU, Director

RÉGIE DES INSTALLATIONS OLYMPIQUES

CONSTRUCTION FUND

CONSTRUCTION COST OF FACILITIES
for the fiscal year ended October 31, 1983

	1983			1982
	Cost	Provision for Settlement of Claims (Note 6)	Total	Total
OLYMPIC PARK:				
Balance at the beginning	$942 118 536	$22 868 600	$964 987 136	$952 241 761
Construction costs for the year	3 388 322		3 388 322	4 622 011
Accounts settled from the provision	1 437 297	(1 437 297)		
Increase (decrease) in the provision		(661 166)	(661 166)	7 010 964
Claims affecting cash flow	(10 057)		(10 057)	(145 000)
Long-term debt issue charges				1 257 400
Balance at year-end	946 934 098	20 770 137	967 704 235	964 987 136
OLYMPIC VILLAGE:				
Balance at the beginning	96 716 848	2 370 000	99 086 848	98 540 405
Construction costs for the year	298 994		298 994	280 266
Accounts settled from the provision	368 079	(368 079)		
Increase in the provision		223 537	223 537	266 177
Balance at year-end	97 383 921	2 225 458	99 609 379	99 086 848
	$1 044 318 019	$22 995 595	$1 067 313 614	$1 064 073 984

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

CONSTRUCTION FUND

CHANGE IN FINANCIAL POSITION
for the fiscal year ended October 31, 1983

	1983	1982
CASH POSITION AT THE BEGINNING	$5 585	$175 359
SOURCE OF FUNDS		
Long-term borrowings		389 627 248
Current borrowings (net)		6 500 000
Contributions received:		
Special Olympic Fund	36 739 040	6 256 273
COJO	3 042 596	
Sale of fixed assets	76 090	292 216
Net change in other assets and liabilities	373 195	405 867
	40 230 921	403 081 604
APPLICATION OF FUNDS		
Payment on long-term debt:		
From new borrowings		389 627 248
From Special Olympic Fund contributions		2 727 273
Net payment on current borrowings from Special Olympic Fund contributions	32 200 000	
Outlay on construction:		
From the Special Olympic Fund contribution	4 539 040	3 529 000
From COJO contribution	3 042 596	
From change in other assets	221 758	5 818 241
Long-term debt issue charges		1 257 400
Proceeds from the sale of fixed assets transferred to the Special Olympic Fund	76 090	292 216
	40 079 484	403 251 378
INCREASE (DECREASE) IN CASH POSITION	151 437	(169 774)
CASH POSITION AT YEAR-END	$157 022	$5 585

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

CONSTRUCTION FUND

NOTES TO FINANCIAL STATEMENTS

at October 31, 1983

1 — LEGAL STATUS AND SCOPE OF ACTIVITY

The Régie des installations olympiques, a corporation acting as agent of the Government, is sole proprietor of moveable and fixed facilities erected for the Games of the XXI Olympiad, the Olympic Village and the Centre Paul-Sauvé and was given responsibility for completing construction and operating the facilities.

The Régie must first use its revenue for operations then for paying off loans, advances or other commitments made in connection with Olympic installations. Once these debts have been acquitted, Olympic Park facilities become the property of the City of Montréal.

2 — ASSOCIATED ORGANIZATION

The Special Olympic Fund was created under an act passed by the Government. The Fund was formed to handle the special tax on tobacco collected by the Minister of Revenue, net Loto Canada receipts destined for Québec as well as proceeds from the disposal of Régie assets held by its Construction Fund.

Entrusted to the Minister of Finance for management on behalf of the Régie, this special fund is used solely for the repayment of loans contracted by the Régie, interest on such borrowings and for covering the cost of completing Olympic facilities.

3 — ACCOUNTING PRACTICE

Construction cost of facilities

Except for the land on which the Olympic installations were erected and the facilities of the Centre Paul-Sauvé, the item includes the cost of construction, administration and financing, as well as all long-term debt issue charges. The cost of various equipment and tools used in the erection of facilities also forms part of their construction cost.

Sale of assets

Upon the sale of assets posted to the Construction Fund, their cost and corresponding contribution are not written off the books, yet the proceeds are paid to the Special Olympic Fund under the Act governing that fund.

Contributions received

The Régie's policy is to deduct construction costs of the Olympic Park and Village installations from contributions received, rather than from operating revenue.

Contributions received includes not only that from associated organizations but also the amount from the Special Olympic Fund for debt reimbursement. As relates to repayment of the debt in U.S. currency, only its reduction at the original 1976 rate of exchange is recorded as Fund contribution. Fluctuations in the exchange rate are assumed as financial charges by the Fund in the same way as interest.

Foreign exchange conversion

Construction Fund long-term debt includes a loan payable in U.S. currency, recorded according to its Canadian equivalent at the time the borrowing took place in 1976, even though it was refinanced during fiscal years ended October 31, 1978, 1979 and 1982.

Expenditure charged to the Construction Fund

The Régie charges to the Construction Fund all direct and indirect administrative cost relating to the completion of facilities and the settlement of pre-Olympic accounts.

Claims

The Régie records claims against third parties at the time of settlement.

Commitments payable

The Régie records the cost of goods and services upon issue of the purchase order.

4 — CONTRIBUTIONS RECEIVED

	1983	1982
Special Olympic Fund contribution		
Applied to the construction cost of facilities	$37 600 277	$33 061 236
Applied to payment on the debt	198 846 778	166 646 778
	236 447 055	199 708 014
COJO contribution:		
Applied to Olympic Park	113 871 992	110 829 397
Applied to the Olympic Village	77 490 000	77 490 000
	191 361 992	188 319 397
City of Montréal contribution:		
Applied to Olympic Park	70 649 091	70 649 091
	$498 458 138	$458 676 502

5 — LONG-TERM DEBT

	1983	1982
Notes, payable in U.S. currency, at 3/8% over the LIBOR rate through July 15, 1987 and 1/2% annually over that rate thereafter, payable quarterly, semi-annually or annually, at the option of the Régie, payable by semi-annual instalments of $27 663 634 beginning July 16, 1996, due July 16, 1992*	$359 627 248	$359 627 248
Bonds, bearing the prime rate of interest, payable quarterly, maturing March 31, 2000	100 000 000	100 000 000
Notes, at 1/4% below prime, payable semi-annually, due April 15, 1990	50 000 000	50 000 000
Bonds, at 1/4% below prime, payable semi-annually, due December 1, 1991	50 000 000	50 000 000
	$559 627 248	$559 627 248

All notes and bonds are guaranteed by the Province of Québec.

* Had these notes, with a par value of $360 000 000 in U.S. currency, been converted into Canadian dollars at the market rate of exchange for the date of the balance sheet, rather that at the rate at the time of borrowing, an additional liability of $84 072 000 would be shown on the books.

Annual capital payments on long-term debt over the next five fiscal years detail as follows:

1984	—
1985	—
1986	$27 663 634
1987	55 327 269
1988	55 327 269

RÉGIE DES INSTALLATIONS OLYMPIQUES

NOTES TO FINANCIAL STATEMENTS (cont'd)
at October 31, 1983

6 — ACCOUNTS PAYABLE AND COMMITMENTS

	1983	1982
Accounts and commitments payable	$2 575 069	$4 895 828
Provision for the settlement of outstanding claims	22 995 595	25 238 600
	$25 570 664	$30 134 428

7 — CONTINGENT LIABILITY

The complexity and extent of operations required for building the Olympic Park and Village make it difficult to give a precise estimate of contingent liabilities.

Many lawsuits and claims, both by and against the Régie, have been filed and are likely to arise. Unsettled claims and suits against the Régie total about $78 million at October 31, 1983. Upon examination, the current provision of $22 995 595 should prove sufficient to cover all claims. Any difference between the amount actually paid and the provision will be posted to the cost of Olympic facilities.

N.B.: The audited financial statements at March 31, 1984 of the Special Olympic Fund may be found in volume 1 of the 1983-1984 Public Accounts, "Financial Statements", pp. 49-52.

RÉGIE DES RENTES DU QUÉBEC

R.S.Q., c. R-9 and amendments

QUEBEC PENSION PLAN ACCOUNT

AUDITOR'S REPORT

I have examined the Québec Pension Plan account at March 31, 1984 and the statement of its operations for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the Québec Pension Plan account at March 31, 1984 and its operations for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

As mentioned in Notes 4 and 5, these financial statements are not intended to prove that the Québec Pension Plan account balance is sufficient in acturial terms to meet its commitments.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, May 25, 1984

RÉGIE DES RENTES DU QUÉBEC

R.S.Q., c. R-9 and amendments

QUEBEC PENSION PLAN ACCOUNT

as at March 31, 1984

($ THOUSANDS)

	1984	1983
ASSETS		
Accounts receivable	1 808	1 201
Deposits in the General Fund of the Caisse de dépôt et placement du Québec		
Participation deposits (Note 3)	9 321 124	8 526 891
Demand deposits	11 221	17
Term deposits	89 000	93 000
Earnings receivable	244 603	227 974
	9 665 948	8 847 882
	9 667 756	8 849 083
LIABILITIES		
Outstanding cheques less cash	29 064	21 440
Accounts payable	9 134	4 363
Contributions payable to the ministère du Revenu	4 822	16 849
	43 020	42 652
ACCOUNT BALANCE (Notes 4 & 5)	9 624 736	8 806 431
ACCOUNT CHANGE DURING THE YEAR		
Balance at the beginning	8 806 431	7 979 504
Surplus revenue over expenditure for the year	818 305	826 927
Balance at year-end	9 624 736	8 806 431

ON BEHALF OF THE BOARD OF DIRECTORS

Claude LEGAULT
Réal LAFONTAINE

RÉGIE DES RENTES DU QUÉBEC

QUEBEC PENSION PLAN ACCOUNT OPERATIONS

for the fiscal year ended March 31, 1984

($ THOUSANDS)

	1984	1983
REVENUE		
Plan contributions	1 183 630	1 013 557
Earnings of deposits with the Caisse de dépôt et placement du Québec	974 537	913 721
Interest on bank deposits	269	367
	2 158 436	1 927 645
PENSIONS AND BENEFITS PAID		
Retirement pensions	726 905	590 571
Surviving spouses' pensions	335 094	275 471
Orphans' pensions	15 424	15 541
Disability pensions	171 828	140 523
Pensions to disabled contributors' children	5 018	4 700
Death benefits	27 525	23 444
	1 281 794	1 050 250
REPAYMENT OF SOCIAL AID BENEFITS TO THE MINISTÈRE DE LA MAIN-D'OEUVRE ET DE LA SÉCURITÉ DU REVENUE		
	1 292 692	1 061 022
SURPLUS REVENUE OVER PENSIONS AND BENEFITS	865 744	866 623
Administrative expenses (Note 6)	47 439	39 696
SURPLUS REVENUE OVER EXPENDITURE FOR THE YEAR	818 305	826 927

RÉGIE DES RENTES DU QUÉBEC

QUEBEC PENSION PLAN ACCOUNT

NOTES TO FINANCIAL STATEMENTS

1 — CONSTITUTION AND SCOPE OF ACTIVITY

The Régie was constituted in July 1965 as a corporation by the Act respecting the Québec Pension Plan (R.S.Q., c. R-9 and amendments).

The Régie is charged with administering the Act as well as the Act respecting Supplemental Pension Plans; it is also responsible for administering the Family Allowances Act.

The Québec Pension Plan provides workers and their dependents with basic protection against loss of income following retirement, disability and death.

The financial statements presented here are exclusively those of the Régie as administrator of the Québec Pension Plan; other plans are covered in separate reports.

2 — ACCOUNTING POLICIES

Accounting method

The Régie records Québec Pension Plan account operations using a combination of the accrual and cash methods.

Deposits in the General Fund of the Caisse de dépôt et placement du Québec

Participation deposits are recorded at cost of acquisition. The Régie's share in the profit or loss on the sale of General Fund securities does not go toward determining Plan assets nor revenue and expenditure, considering that when withdrawn the deposits remain payable upon notice, based on the realization value of General Fund net equity and the terms of Caisse by-laws.

QPP contributions

Revenue from Plan contributions is comprised of amounts collected by the ministère du Revenu during the year as premiums, penalties and interest for current and prior years, except in the case of that collected during March and remitted in April by agents of the department. Payment of this revenue is subject to auditing and adjustment. Any adjustments required are charged against current contributions.

Revenue from participation deposits

Assigned by the Caisse de dépôt et placement du Québec, such revenue is recorded when earned.

Pensions and benefits

These are recorded upon payment.

Administrative expenses

The acquisition of equipment is charged to operations.

3 — PARTICIPATION DEPOSITS

These represent 11 585 614 units units (10 623 144 in 1983) of Caisse de dépôt et placement du Québec General Fund participation deposits. Their market value equals $9 189 013 888 or $793.14 per unit at March 31, 1984. At March 31, 1983 they were worth $5 586 660 737 or $808.30 each. On these dates, the Régie held 82.2% and 85.8% respectively of the General Fund's outstanding participation deposits.

4 — QUEBEC PENSION PLAN ACCOUNT BALANCE

The account balance represents the funds available at March 31, 1984 for the payment of pensions and benefits and the reimbursement of Social Aid benefits to the ministère de la Main-d'oeuvre et de la Sécurité du revenu. It does not take into account the actual value of Plan commitments to date. In this respect, sections 216 and 217 of the Act respecting the Québec Pension Plan call for the preparation of actuarial reports every five years on the state of the account as well as special actuarial analyses when legislation proposed before the National Assembly would have the effect of altering the Plan. These analyses, which the Minister of Manpower and Income Security is required to table forthwith in the National Assembly, must provide an estimate of Québec Pension Plan revenue and expenditure for the coming 30 years and a study of the long-term effect on the accumulated reserve. The fourth five-year actuarial report prescribed by section 216 of the Act was tabled in March 1984. The analysis was dated December 31, 1982, a year earlier than prescribed.

5 — PLAN FINANCING

When the Québec Pension Plan was founded, the premium rate paid by employers and employees on an equal basis was set at 3.6% of pensionable earnings. More than sufficient to cover the payment of benefits and administrative expenses during the early years, it has led to the accumulation of $9.6 billion of net assets at March 31, 1984. On the other hand, from the very beginning, it was clear the 3.6% rate would not always generate enough revenue to meet outlays and that the inflow of funds would have to be increased during the 1980s. Actuarial reports published since the Plan's inception confirm this.

According to the last regular actuarial report dated December 31, 1982 if the premium rate were maintained at 3.6%, funds accumulated since 1966 and invested will gradually have to be liquidated between 1991 and 1999.

6 — ADMINISTRATIVE EXPENSES

	1984	1983
Ministère du Revenu fees for collecting contributions	$17 401 025	$15 200 265
Wages, salaries and fringe benefits	18 684 729	16 605 542
Transportation and communications	3 251 425	2 405 769
Professional services	2 475 956	1 357 093
Maintenance and repairs	523 258	358 692
Rent	1 859 498	1 965 552
Supplies	583 362	406 236
Equipment	2 156 735	479 260
Bank charges	402 181	668 121
Other	94 562	55 310
Bad debts	6 561	194 029
	$47 439 292	$39 695 869

RÉGIE DES RENTES DU QUÉBEC

SUPPLEMENTAL PENSION PLANS
R.S.Q., c. R-17

AUDITOR'S REPORT

I have examined the statement of assets and liabilities of the fund for administering the Act respecting supplemental pension plans at March 31, 1984 as well as that of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the statements accurately present the assets and liabilities of the fund at March 31, 1984 as well as revenue and expenditure for administering the Act during the fiscal year then ended according to the accounting principles in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, May 30, 1984

RÉGIE DES RENTES DU QUÉBEC

SUPPLEMENTAL PENSION PLANS
R.S.Q., c. R-17

ASSETS AND LIABILITIES
as at March 31, 1984

	1984	1983
ASSETS		
Cash	$26 680	$162 474
Gouvernement du Québec	35 358	
	$62 038	$162 474
LIABILITIES		
Québec Pension Plan account	$62 038	$74 287
Gouvernement du Québec		88 187
	$62 038	$162 474

ON BEHALF OF THE BOARD OF DIRECTORS

Claude LEGAULT
Réal LAFONTAINE

RÉGIE DES RENTES DU QUÉBEC

SUPPLEMENTAL PENSION PLANS

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1984

	1984	1983
REVENUE		
Fees	$1 215 048	$1 220 206
Fines	200	3 350
Interest		24 925
	1 215 248	1 248 481
ADMINISTRATIVE EXPENDITURE		
Wages, salaries and fringe benefits	1 967 749	1 696 592
Transportation and communications	104 282	56 091
Professional services	204 344	37 169
Maintenance and repairs	21 446	12 953
Rent	157 426	140 565
Supplies	23 157	13 506
Equipment	17 518	10 278
Other	36 786	93 641
	2 532 708	2 060 795
SURPLUS EXPENDITURE OVER REVENUE ASSUMED BY THE GOVERNMENT	$1 317 460	$812 314

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — REGIE MANDATE

Under the Act respecting supplemental pension plans, the Régie is assigned responsibility for, among other things, setting standards for the administration, solvency and investments of supplemental pension plans, establishing provisions to protect workers' rights, supervising plans to ensure they comply with prescribed standards and encouraging the creation of supplemental plans and the upgrading of existing ones.

2 — ACCOUNTING POLICIES

Revenue from fees and fines is recorded on a cash basis while administrative charges are posted when incurred.

SIDBEC

R.S.Q., c. E-14

AUDITORS' REPORT

Sidbec shareholder:

We have examined the consolidated balance sheet of Sidbec at December 31, 1983 and the consolidated statement of results and deficit and that of change in financial position for the fiscal year then ended; we obtained all information and explanations requested. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In the light of information and explanations provided and as shown on the books, our view is that these statements accurately present Sidbec's financial situation at December 31, 1983, as well as its operating results and change in financial position for the fiscal year then ended according to generally accepted accounting principles applied on a basis consistent with that of the previous year, after making a retroactive adjustment to reflect the changed method of recording an investment in a joint venture, to which Note 4 refers.

RAYMOND, CHABOT, MARTIN, PARÉ & ASSOCIÉS
Chartered Accountants

Montréal, February 10, 1984

SIDBEC

R.S.Q., c. E-14

CONSOLIDATED BALANCE SHEET

as at December 31, 1983
($ THOUSANDS)

	1983	1982
ASSETS		
CURRENT ASSETS		
Cash	138	6 509
Accounts receivable	67 567	47 092
Inventories (Note 3)	130 920	138 626
Prepaid expenses	691	701
	199 316	192 928
JOINT-VENTURE INVESTMENT, at equity value (Note 4)	113 163	104 036
FIXED ASSETS (Note 5)		
At cost	535 045	527 965
Accumulated depreciation	218 700	193 824
	316 345	334 141
OTHER ITEMS, at amortized cost		
Discount and issue charges on borrowings	190	226
Deferred charges	1 120	459
	1 310	685
	630 134	631 790

ON BEHALF OF THE BOARD

John LEBOUTILLIER, director
Robert DESPRÉS, director

SIDBEC
R.S.Q., c. E-14

CONSOLIDATED BALANCE SHEET
as at December 31, 1983
($ THOUSANDS)

	1983	1982
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft and indebtedness (Note 6)	25 884	149 852
Accounts payable and accrued charges	41 212	35 519
Owed to joint venture	15 832	4 045
Payments on long-term debt	51 026	128 784
	133 954	318 200
LONG-TERM DEBT (Note 7)	419 426	143 103
PROVISION FOR PENSION PLANS (Note 8)	913	938
SHAREHOLDER EQUITY		
Capital stock (Note 9)		
Authorized:		
56 500 000 deferred dividend shares, $10 par value		
56 500 000 common shares, $10 par value		
Issued and paid-up:		
56 433 435 deferred dividend shares	564 334	564 334
CONTRIBUTED SURPLUS	51 797	51 797
DEFICIT	(540 290)	(446 582)
	75 841	169 549
	630 134	631 790

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED RESULTS AND DEFICIT

for the fiscal year ended December 31, 1983
($ THOUSANDS)

	1983			1982		
	Manufacturing Operations	Mining Operations (Note 10)	Total	Manufacturing Operations	Mining Operations (Note 10)	Total
SALES	380 139	23 484	403 623	336 353	39 382	375 735
EXPENDITURE						
Cost of merchandise sold, excluding related penalty and depreciation	340 627	59 644	400 271	331 729	97 849	429 578
Penalty paid to joint venture		28 941	28 941		1 093	1 093
Sales and administrative expenses	16 259	348	16 607	22 354	1 020	23 374
Interest on long-term debt (Note 11)	22 528	4 620	27 148	18 618	4 273	22 891
Other interest	2 375	3 432	5 807	6 225	17 657	23 882
Depreciation on fixed assets	25 272	4	25 276	24 211	4	24 215
Amortization of other charges	80	92	172	80		80
Loss on foreign exchange					17	17
	407 141	97 081	504 222	403 217	121 913	525 130
LOSS before share of joint venture net loss (profit)	27 002	73 597	100 599	66 864	82 531	149 395
Share of joint venture net loss (profit) (Note 12)		(6 891)	(6 891)		2 342	2 342
NET LOSS	27 002	66 706	93 708	66 864	84 873	151 737
DEFICIT AT THE BEGINNING	228 127	218 455	446 582	161 263	133 582	294 845
DEFICIT AT YEAR-END	255 129	285 161	540 290	228 127	218 455	446 582

The accompanying notes are an integral part of the consolidated financial statements.

SIDBEC

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended December 31, 1983
($ THOUSANDS)

	1983	1982
SOURCE OF FUNDS		
Proceeds from the sale of fixed assets	120	15
Long-term borrowings	300 000	135 247
Other		488
	300 120	135 750
APPLICATION OF FUNDS		
Net loss	93 708	151 737
Items not affecting funds:		
(Gain) loss on sale of fixed assets	(21)	8
Depreciation on fixed assets	(25 276)	(24 215)
Amortization of other charges	(172)	(81)
Share of net profit (loss) excluding change in unrealized gain on inventories of joint venture Sidbec-Normines Inc.	5 691	(3 930)
Gain on other items	59	333
Discount on interim loan	(1 443)	
Funds used for operations	72 546	123 852
Interim joint-venture loan	4 879	206
Acquisition of fixed assets	7 621	17 219
	738	
Payments on long-term debt	23 677	129 290
Net decrease in the provision for pension plans	25	60
	109 486	270 627
INCREASE (DECREASE) IN FUNDS	190 634	(134 877)
WORKING CAPITAL (DEFICIT) AT THE BEGINNING	(125 272)	9 605
WORKING CAPITAL (DEFICIT) AT YEAR-END	65 362	(125 272)

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

at December 31, 1983

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1 — LEGAL STATUS AND SCOPE OF ACTIVITY

Incorporated under the Québec Companies Act and in certain aspects governed by a special act, Sidbec owns enterprises operating mining and steel making facilities.

2 — ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Company and all its subsidiaries.

Inventories

Semi-processed and finished goods are recorded at the lesser of average cost and net realization value.

Raw materials are recorded at the lesser of cost and net realization value, with cost established according to the method of successive depletion.

Supplies are recorded at the lesser of average and replacement cost.

Fixed assets

The fixed assets of the Company and its wholly owned subsidiaries are shown at initial cost and depreciated on the basis of their estimated useful life according to the straight-line method at the following annual rates:

Development sites	4%
Buildings	2½% to 5%
Equipment and machinery	4% to 20%
Rolling-stock	4% to 25%
Furniture and fixtures	10%
Other	5% to 8%

Pension plans

Pension costs include contributions to employee and government pension funds for current service as well as interest and amortization of the unfunded cost of past service.

Contributed surplus

The contributed surplus is made up of subsidies and assistance provided by the federal and provincial governments.

Foreign exchange

Current asset and liability items to be translated into foreign currency are expressed in Canadian dollars at the year-end exchange rate. Fixed assets, long-term debt as well as sales and expenditures in US dollars are expressed at the rate in effect at the time the transaction takes place.

Cost of merchandise sold

The cost of mining merchandise sold includes the difference between the cost invoiced by Sidbec-Normines Inc. over that which would have been incurred on the international market for supplies, as was the case before the joint venture came into being.

3 — INVENTORIES

	1983 ($ THOUSANDS)	1982 ($ THOUSANDS)
Semi-processed and finished goods	103 840	70 632
Raw materials and supplies	27 080	67 994
	130 920	138 626

4 — INVESTMENT IN A JOINT VENTURE

During the 1976 fiscal year, Sidbec entered into a joint venture agreement with other companies to operate a mine at Fire Lake and produce iron oxide pellets and concentrate.

The terms prevent control of all vital sectors from being exercised by any one participant.

Sidbec's investment was previously recorded according to the equity method. With that method, Sidbec's share of the assets, liabilities, revenue and expenditure of the joint venture was consolidated into the Company's financial statements, as presented below. Beginning this fiscal year, the directors decided to present the Sidbec share of the joint venture on the basis of consolidated operating results, transforming the share of assets, liabilities, revenue and expenditure into an investment and participation in the results of the joint venture. The change was applied retroactively to the financial statements of the previous year.

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

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4 — INVESTMENT IN A JOINT VENTURE (cont'd)

The balance sheet and the statement of operating results and deficit of the joint venture for the fiscal year ended December 31, 1983 may be summarized as follows:

BALANCE SHEET

	Total	Share of the Company (50.1%)	
	1983 ($ THOUSANDS)	1983 ($ THOUSANDS)	1982 ($ THOUSANDS)
Assets			
Current assets (including $49 315 000 of inventories)	76 940	38 547	38 108
Fixed assets, at amortized cost	497 891	249 443	256 220
Other items, at amortized cost	11 546	5 785	7 055
	586 377	293 775	301 383
Liabilities and shareholder equity			
Current liabilities	52 859	26 482	34 571
Long-term debt	346 421	173 557	182 479
Deferred mineral rights	10 608	5 315	4 223
Capital stock	220 515	110 478	110 478
Deficit	(44 026)	(22 057)	(30 368)
	586 377	293 775	301 383

OPERATING RESULTS AND DEFICIT

	Total 1983	Share 1983	Share 1982
Sales	225 135	112 792	125 768
Expenditure			
Cost of merchandize sold excluding related amortization	132 851	66 558	86 635
Sales and administrative expenses	4 635	2 322	4 017
Interest on long-term debt	46 379	23 236	25 072
Other interest	1 680	842	2 199
Loss on foreign exchange	4 238	2 124	2 315
Depreciation on fixed assets and amortization of other items	16 583	8 308	9 691
	206 366	103 390	129 929
Profit (loss) before deferred mineral rights	18 769	9 402	(4 161)
Deferred mineral rights	2 180	1 091	1 341
Net profit (loss)	16 589	8 311	(5 502)
Deficit at the beginning	(60 615)	(30 368)	(24 866)
Balance at year-end	(44 026)	(22 057)	(30 368)

The joint venture records mineral rights using the tax deferral method. The tax advantage from deferring losses is not shown on the financial statements. These losses, which may be used to reduce future income tax, amount to $30 000 000.

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

4 — INVESTMENT IN A JOINT VENTURE (cont'd)

Sidbec has made a commitment to the effect that its contribution to the capital stock of the joint venture equal at least 53.846% of outstanding first-mortgage bonds which total $184 317 000 at December 31, 1983 ($195 569 000 in 1982).

Under the trust agreement, there are restrictions as to the amount of dividends the joint venture may declare, as to reducing capital stock and as to the reimbursement of certain advantages granted by shareholders or purchasers of pellets. Other provisions of the agreement restrict the joint venture to operating within its main sphere of activity, from contracting liens on its assets, incurring debts, making investments and loans or giving guarantees, disposing of assets, and entering into lease or other specific agreements. Lastly, the terms of contracts assigned as security under the trust agreement require the joint venture to maintain a certain given level of activity during any four consecutive fiscal years.

The Sidbec investment of $113 163 000 at December 31, 1983 ($104 036 000 at December 31, 1982) is made up of the following:

	1983 ($ THOUSANDS)	1982 ($ THOUSANDS)
Purchase price of 50.1% of common shares	110 478	110 478
Interest accrued on investment financing during the Sidbec-Normines Inc. development period	25 858	25 858
Loss on the sale of pellets prior to the start of Sidbec-Normines operations	3 450	3 450
Interim loan, at current value	3 642	206
Share of net loss since date of acquisition, excluding gain realized on Sidbec-Normines Inc. acquired inventories	(30 265)	(35 956)
	113 163	104 036

Interest charges for financing the investment are amortized over thirty years at $870 000 annually and the loss on the sale of pellets prior to the start-up of Sidbec-Normines Inc. operations is amortized over eight years at $450 000 annually.

Sidbec is committed to the reimbursement of its share in the amount of $184 317 000 at December 31, 1983 of outstanding first-mortgage bonds as well as related interest and other charges. Joint venture bonds are redeemable in annual instalments of US $18 352 000 and C $3 782 000. In essence, all current and future assets of Sidbec-Normines Inc. except for inventories and accounts receivable are subject to a specific fixed charge of first rank and a floating charge as security for its long-term debt.

Accounts receivable and inventories are assigned as security for joint-venture bank indebtedness.

If the Company's share of joint venture long-term debt in foreign currency were converted at the exchange rate in effect at the end of the year, the additional liability would be approximately $28 869 000 ($26 700 000 in 1982).

5 — FIXED ASSETS

	1983 ($ THOUSANDS)		1982 ($ THOUSANDS)	
	Cost	Net Book Value	Cost	Net Book Value
Land	6 348	6 348	6 348	6 348
Development sites	8 765	4 745	8 765	5 348
Buildings	102 692	57 299	102 173	61 403
Equipment and machinery	397 544	239 878	384 140	245 377
Rolling-stock	3 010	824	3 009	984
Furniture and fixtures	2 233	400	2 191	485
Other	9 351	1 749	9 353	2 210
Construction in progress	5 102	5 102	11 986	11 986
	535 045	316 345	527 965	334 141

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

6 — BANK OVERDRAFT AND INDEBTEDNESS

The Company's bank overdraft and borrowings are secured by inventories and accounts receivable.

7 — LONG-TERM DEBT

	Current Payments ($ THOUSANDS)	1983 ($ THOUSANDS)	1982 ($ THOUSANDS)
The Company:			
Bank loan at $^1/_4$ of 1% over prime, due June 30, 1986, secured by a specific charge of first rank on a building, equipment and machinery with a net book value of $48 930 000		25 000	25 000
Shareholder advance, 14% and prime rate			99 453
Shareholder advance, 15.5%, $20 357 523 payable June 7, 1984 and $4 599 906 on October 19, 1984	24 957	24 957	21 496
Sinking fund debentures whose capital and interest are guaranteed by the Government:			
Series "A", 9$^1/_4$%, maturing December 15, 1990	200	8 650	8 850
Series "B", 8$^3/_4$%, maturing June, 15, 1991	200	8 850	9 050
Series "C", 9%, maturing September 1, 1991	200	8 850	9 050
Series "D", 10$^3/_4$%, maturing October 1, 1989	1 000	22 000	24 000
Series "E", 10$^1/_4$%, maturing May 15, 1995		30 000	30 000
Series "F", 10$^3/_4$%, maturing February 16, 1996		30 000	30 000
Term loan whose capital and interest are guaranteed by the Government, at the prime rate from May 31, 1983 to March 31, 1988, at $^1/_8$ of 1% above prime from April 1, 1988 to March 31, 1990, at $^1/_4$ of 1% above prime from April 1, 1990 to March 26, 1993, payable by instalments of $20 million on March 26 from 1984 through 1993	20 000	200 000	
Loan on a revolving line of credit, whose capital and interest are guaranteed by the Government, at the prime rate, due November 30, 1985		100 000	
	46 557	458 307	256 899
Its subsidiary Sidbec-Dosco Inc.:			
Sinking fund debentures			
Series "A", 5$^3/_4$%, maturing June 1, 1984	3 731	3 745	4 376
Series "B", 6%, maturing July 15, 1985		3 736	4 510
Serie "C", 5$^3/_4$%, maturing July 15, 1985 (US $2 400 000 at December 31, 1983)	433	2 567	3 000
	4 164	10 048	11 886
Its subsidiary Sidbec Feruni Inc.:			
Capital leases bearing interest at rates varying between 9.2% and 13.2%, payable in monthly instalments, due on different dates through 1990	305	2 097	2 388
Bank loan			714
	305	2 097	3 102
	51 026	470 452	271 887
Current payments due less debentures redeemed before maturity		51 026	128 784
		419 426	143 103

Sidbec-Dosco Inc. assets, other than its capital assets, are subject to a floating charge as security for long-term debt, as are all Sidbec-Feruni Inc. assets. These assets amount to $191 000 000 at December 31, 1983 ($180 000 000 in 1982).

Conversion of long-term debt payable in U.S. currency at the exchange rate in effect at year-end would mean an additional liability of around $486 000 ($425 000 in 1982).

Payments on long-term debt according to maturity dates and sinking fund requirements are as follows for the next five years:

	($ THOUSANDS)
1984	51 026
1985	127 484
1986	34 650
1987	28 750
1988	28 750

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

8 — PROVISION FOR PENSION PLANS

The Company's subsidiaries and the joint venture contribute to various pension plans for employees. Actuarial studies reveal that commitments to employees for past service are about $16 900 000 greater than the amount currently payable shown under liabilities at December 31, 1983 and around $2 300 000 for benefits to be paid during 1984 and 1985. The commitment is amortized over a period of five to fifteen years.

9 — CAPITAL STOCK

No dividend may be paid to those holding deferred dividend shares. However, each such share may be converted into common shares when the average net profit of the Company for two fiscal years in a row is at least $1 per share outstanding at the end of the first one.

10 — LOSS ON MINING OPERATIONS

The loss on mining operations details as follows:

	1983 ($ THOUSANDS)	1982 ($ THOUSANDS)
Loss on the sale of pellets	3 099	27 868
Penalty	28 151	1 093
Provision for recording Sidbec-Dosco Inc. and Sidbec-Normines Inc. inventories at net realization value	890	(4 481)
Cost of oxide pellets unused by manufacturing operations	33 505	31 641
Interest	8 052	21 930
Amortization of interest charges incurred on financing the investment and loss on the sale of pellets prior to the start-up of Sidbec-Normines Inc. operations	1 320	1 320
Share in joint venture net loss (profit)	(8 311)	5 502
	66 706	84 873

11 — INTEREST ON LONG-TERM DEBT

Interest expense on long-term debt was reduced for the year by a subsidy of $16 158 000 from the ministère de l'Industrie, du Commerce et du Tourisme to compensate for interest charges on the term loan of $200 million to which Note 7 refers.

12 — SHARE OF JOINT VENTURE NET LOSS (PROFIT)

	1983 ($ THOUSANDS)	1982 ($ THOUSANDS)
Share of the joint venture's net loss (profit)	(8 311)	5 502
Change in unrealized gain on Sidbec-Normines Inc. acquired inventories	(1 201)	(1 588)
Change in adjusted Sidbec-Normines Inc. inventories at net realization value	2 091	(2 892)
Adjustment to current value of joint venture loan to Sidbec	(790)	
Amortization of interest charges incurred on financing the investment and loss on the sale of pellets prior to the start-up of Sidbec-Normines Inc. operations	1 320	1 320
	(6 891)	2 342

13 — INCOME TAX

Excluding Sidbec-Normines Inc., the Company is wholly owned by the Government and so is exempt from both federal and provincial income tax.

14 — COMMITMENTS AND CONTINGENT LIABILITIES

Commitments of the Company, its subsidiaries and the joint venture with respect to construction projects and the acquisition of equipment and machinery amount to approximately $4 600 000.

Under the terms of operating contracts, Sidbec-Normines Inc. is committed to pay compensation for acquiring mining claims, regardless of the level of activity, in minimum annual amounts, estimated to be about $12 000 000 for 1984. These annual charges are subject to escalator clauses.

The purchasing contract for pellets stipulates that if the Company has not bought its share (50.1%) of Sidbec-Normines Inc. production, it may be called upon to make good the cash shortfall of the latter either through direct payment or interim loans. The Company paid $27 498 000 ($1 093 000 in 1982) in penalties and granted an interim loan interest free to the joint venture in the amount of $4 880 000 ($206 000 in 1982).

The Company is committed to defray all financing charges and production costs of the secondary pellet concentrator operated by Sidbec-Normines Inc. These amounted to $7 587 000 in 1983.

NOTES TO FINANCIAL STATEMENTS (cont'd)

at December 31, 1983

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15 — CONTINUITY OF JOINT VENTURE OPERATIONS

Under the purchasing contract for pellets, buyers are required to advise the joint venture of their requirements for the coming year. The quantity needed for 1984 is 1 466 000 tonnes, as compared to the 3 129 000 tonnes the joint venture sold them in 1983, while the normal capacity of the pelletizing plant is 6 million tonnes.

The level of activity projected for 1984 could mean an interruption in mining and pelletizing operations. This situation may lead the joint venture to depreciate its capital and other assets more rapidly and incur additional expenses in connection with an interruption to its activities.

The pellet purchasing contract provides that in such an event buyers make supplemental payments and grant loans to the joint venture so that it may at all times have sufficient funds to meet its commitments.

If the joint venture should interrupt activities in 1984, the Company would have to pay its share of additional expenses, which could in turn mean considerably higher penalties or loans than in 1983.

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

R.S.Q., c. C-37.1

AUDITORS' REPORT

To the Minister of Municipal Affairs:

We have examined the statement of results and accumulated deficit of the Budgetary Administration Fund and the statement of capital expenditure on fixed assets and that of the change in financial position of the Capital and Loan Fund of the Société d'aménagement de l'Outaouais for the fiscal year ended March 31, 1984 as well as the balance sheet of both at that date. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the results of Société operations for the fiscal year ended March 31, 1984 and its financial position on that date according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

BILLARD/CLOUTIER PROULX CARBONNEAU
Chartered Accountants

Hull, Québec, June 13, 1984

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

R.S.Q., c. C-37.1

BUDGETARY ADMINISTRATION FUND

BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
Bank account	$734 716	
Accounts receivable	91 368	$115 308
Inventories, at lesser of cost and net realization value	101 389	87 566
Prepaid expenses	126 683	109 512
	$1 054 156	$312 386
LIABILITIES		
Bank overdraft		$123 821
Accounts payable and accrued charges (Note 8)	$928 754	954 324
Refundable deposits	61 560	51 188
Owed the Capital and Loan Fund	30 586	1 244 207
Deferred revenue	33 256	43 760
Accrued interest on advances from the ministère des Finances		23 042 409
	1 054 156	25 459 709
ACCUMULATED DEFICIT		(25 147 323)
	$1 054 156	$312 386

ON BEHALF OF THE BOARD OF DIRECTORS

Roger BLAIS
Guy GAGNON

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

BUDGETARY ADMINISTRATION FUND

RESULTS AND ACCUMULATED DEFICIT

for the fiscal year ended March 31, 1984

	1984	1983
REVENUE		
Subsidy from the ministère des Finances — debt settlement	$23 042 409	
Subsidy from the ministère des Affaires municipales — debt settlement	5 392 871	
Subsidy — ministère des Affaires municipales	5 000 000	$4 632 600
Subsidy — Aéroport de Gatineau		250 000
Actuarial surplus — pension plan (Note 3)	55 934	150 000
Sale of land	462 408	99 625
Emphyteutic rents	6 699	2 778
Other	3 810	10 305
	33 964 131	5 145 308
EXPENDITURE		
Deficit from the previous year	25 147 323	20 511 002
Capital spending from revenue of prior years (Note 7)	2 381 506	
Wages, salaries and allowances (Note 3)	2 492 089	2 570 349
Transportation and communications	535 008	460 221
Administrative and professional services	234 318	217 960
Maintenance and repairs	46 306	38 797
	47 779	
Rent	232 122	247 608
Supplies	102 409	88 456
Capital expenditure from current revenue	45 140	25 130
Debt servicing (Note 4)	902 503	4 620 949
Surplus expenditure over revenue (revenue over expenditure)		
Tourist and recreational centres (see detail 1)	1 281 233	1 147 588
Real estate rentals (see detail 2)	(9 546)	(24 775)
Gatineau airport (see detail 3)	525 941	389 346
	33 964 131	30 292 631
ACCUMULATED DEFICIT	$—	$(25 147 323)

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

R.S.Q., c. C-37.1

CAPITAL AND LOAN FUND

BALANCE SHEET
as at March 31, 1984

	1984	1983
ASSETS		
Cash		$1 081
Accounts receivable	$300 834	347 300
Expropriation indemnity receivable (Note 11 b)	1 317 533	
Prepaid expenses	69 966	73 654
Advances to the Budgetary Administration Fund	30 586	1 244 207
Capital expenditure from revenue (Note 6)	671 046	625 906
Fixed assets, at cost (Note 9)	46 158 847	45 712 640
	$48 548 812	$48 004 788
LIABILITIES		
Short-term liabilities (Note 10)	$467 326	$8 774 525
Provision for expropriation indemnities (Note 11 b)	1 197 167	1 467 533
Advances from the ministère des Finances (Note 5)		35 460 600
	1 664 493	45 702 658
EXPENDITURE ON FIXED ASSETS	46 884 319	2 302 130
	$48 548 812	$48 004 788

ON BEHALF OF THE BOARD OF DIRECTORS

Roger BLAIS
Guy GAGNON

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

CAPITAL AND LOAN FUND

EXPENDITURE ON FIXED ASSETS
for the fiscal year ended March 31, 1984

	1984	1983
BALANCE AT THE BEGINNING	$2 302 130	$2 315 648
Subsidy from the ministère des Finances		
— debt settlement	35 460 600	
Subsidy from the ministère des Affaires municipales		
— debt settlement	6 260 954	
— current operations	133 835	
Subsidy from the ministère de l'Industrie, du Commerce et du Tourisme	539 231	
Capital spending from the Budgetary Administration Fund		
— prior years (Note 7)	2 381 506	
— current	45 140	33 282
Cost of land and other assets sold	(239 077)	(46 800)
BALANCE AT YEAR-END	$46 884 319	$2 302 130

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1984

	1984	1983
APPLICATION OF FUNDS		
Expenditure of fixed assets:		
Infrastructure, industrial and commercial equipment	$835 284	$334 661
Tourist and recreational facilities		63 442
Furniture and equipment	45 140	8 153
Vehicles		25 129
	880 424	431 385
Repayment of ministère des Finances advances	35 460 600	
	36 341 024	431 385
SOURCE OF FUNDS		
Subsidy from the ministère des Finances		
— debt settlement	35 460 600	
Subsidy from the ministère des Affaires municipales		
— debt settlement	6 260 954	
— current operations	133 835	
Subsidy from the ministère de l'Industrie, du Commerce et du Tourisme	539 231	
Capital spending from the Budgetary Administration Fund		
— prior years (Note 7)	2 381 506	
— current	45 140	33 282
Advances from the ministère des Finances		347 300
Decrease in the provision for indemnities	150 000	
	44 971 266	380 582
INCREASE (DECREASE) IN FUNDS	8 630 242	(50 803)
INTERIM FUNDED BALANCE AT THE BEGINNING	(8 575 816)	(8 525 013)
BALANCE AT YEAR-END	$54 426	$(8 575 816)

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — MAJOR ACCOUNTING POLICIES

Accounting method

Société financial statements were prepared by management according to the fund accounting method so as to comply with restrictions and limits on available resources. Under this method, Société operations are divided among two funds, the Budgetary Administration Fund and the Capital and Loan Fund.

Inventories

Inventories are valued at their average cost.

Commitments

Included under current liabilities are all orders the Société makes to suppliers as well as any amount approved by a board of directors resolution for particular projects though not placed on order by the end of the fiscal year.

Accumulated deficit

The deficit accumulated at the end of a fiscal year is charged to operating results of the Budgetary Administration Fund for the following year.

2 — CONSTITUTION

The Société d'aménagement de l'Outaouais was constituted under the Act respecting the Communauté régionale de l'Outaouais.

3 — ACTUARIAL SURPLUS — PENSION PLAN

As pension plan regulations allow, the Société followed the advice of actuarial consultants in not contributing the sum of $55 934 to the plan for fiscal 1984. Expenditure for the year toward the pension plan amounting to $182 329 is included in the item wages, salaries and allowances.

4 — DEBT SERVICING

	1984	1983
Interest on bank indebtedness	$902 503	$1 132 751
Ministère des Finances		3 488 198
	$902 503	$4 620 949

5 — ADVANCES FROM THE MINISTÈRE DES FINANCES

Ministère des Finances advances to March 31, 1983 were forgiven after Bill 45 was given assent on December 22, 1983. The amount of $35 460 600 was recorded as contributed surplus on the balance sheet of the Capital and Loan Fund.

6 — CAPITAL EXPENDITURE FROM REVENUE

	1984	1983
Furniture and equipment	$223 240	$183 059
Other installations	262 767	257 808
Airport facilities	9 274	9 274
Vehicles	175 765	175 765
	$671 046	$625 906

7 — CAPITAL EXPENDITURE FROM REVENUE — PRIOR YEARS

During the year, $2 381 506 was charged to Budgetary Administration Fund expenditure to reflect capital spending for prior years from operating surpluses in 1970 to 1977. Such expenditure had been charged to the Capital and Loan Fund upon outlay in the course of prior fiscal years.

8 — ACCOUNTS PAYABLE AND ACCRUED CHARGES — BUDGETARY ADMINISTRATION FUND

	1984	1983
Accounts payable and accrued charges — suppliers	$108 267	$113 334
Wages, salaries and fringe benefits payable	408 333	441 509
Commitments	412 154	399 481
	$928 754	$954 324

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

9 — FIXED ASSETS

	1984	1983
Infrastructure, industrial and commercial equipment:		
Parc industriel Richelieu		$167 754
Parc industriel du Pontiac	$896 979	921 317
Aéroparc industriel de Gatineau	4 496 964	3 708 665
Gatineau regional airport	9 231 892	9 231 892
CITUF project	2 999	2 999
Ruisseau de la Brasserie	824 500	824 500
	15 453 334	14 857 127
Tourist and recreation facilities		
Lac Deschênes marina	2 950 967	3 040 967
Auberge Symmes	1 064 391	1 064 391
Parc du lac Lemay	1 778 773	1 778 773
Parc du lac Beauchamp	2 509 177	2 509 177
Haute Gatineau tourist centre	1 310 875	1 310 875
Lac Leslie tourist centre	1 981 440	1 981 440
Lac de l'Argile tourist centre	5 919 128	5 919 128
Lac Simon tourist centre	3 787 110	3 787 110
Petite Rouge tourist centre	1 294 499	1 294 499
Lac Gagnon site	1 147 311	1 207 311
Meach Valley site	5 922 719	5 922 719
Frayère Pelissier	70 423	70 423
Atelier Central warehouse	648 054	648 054
Maison Hammond	320 646	320 646
	30 705 513	30 855 513
	$46 158 847	$45 712 640

10 — CURRENT LIABILITIES — CAPITAL AND LOAN FUND

	1984	1983
Bank overdraft	$115	
Bank loan		$8 162 313
Accounts payable	3 691	9 618
Commitments	422 072	588 965
Contract holdbacks	41 448	13 629
	$467 326	$8 774 525

The bank loan was paid with the assistance of a ministère des Affaires municipales subsidy.

11 — CONTINGENT LIABILITIES

(a) Expropriation

The Government expropriated land belonging to the Société in the Meach Valley area. No amount has been recorded at March 31, 1984 respecting compensation since neither the amount of land expropriated nor the indemnity receivable is known precisely.

(b) Provision for expropriation indemnities

The provision for expropriation has been determined on the basis of compensation awarded by court decision and already negotiated for property similar to that for which indemnities have not been settled. Since the provision has been estimated, there is no way of knowing whether or not it will prove sufficient to cover all outstanding claims.

12 — COMPARATIVE FIGURES

Certain items from the previous year were reclassified for purposes of the current presentation.

ADDITIONAL INFORMATION
for the fiscal year ended March 31, 1984

DETAIL 1

OPERATING RESULTS — TOURIST AND RECREATIONAL CENTRES

	1984	1983
REVENUE	$1 184 217	$1 077 081
EXPENDITURE		
Employee remuneration	1 524 937	1 265 415
Transportation and communications	36 543	71 731
Professional and administrative services	301 995	319 076
Maintenance and repairs	62 392	83 541
Rent	13 304	18 936
Supplies	526 279	457 818
Capital expenditure from revenue		8 152
	2 465 450	2 224 669
SURPLUS EXPENDITURE OVER REVENUE	$1 281 233	$1 147 588

DETAIL 2

OPERATING RESULTS — REAL ESTATE RENTALS

	1984	1983
REVENUE	$106 833	$112 378
EXPENDITURE		
Professional and administrative services	55 925	49 668
Maintenance and repairs	41 272	37 996
Supplies	90	(61)
	97 287	87 603
SURPLUS REVENUE OVER EXPENDITURE	$(9 546)	$(24 775)

DETAIL 3

OPERATING RESULTS — GATINEAU AIRPORT

	1984	1983
REVENUE	$90 884	$83 930
EXPENDITURE		
Employee remuneration	202 702	182 000
Transportation and communications	11 552	9 325
Professional and administrative services	146 219	111 295
Maintenance and repairs	184 910	112 119
Rent	1 488	1 194
Supplies	69 954	57 343
	616 825	473 276
SURPLUS EXPENDITURE OVER REVENUE	$525 941	$389 346

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

R.S.Q., c. S-9

AUDITOR'S REPORT

I have examined the balance sheet of the Société de cartographie du Québec at March 31, 1984 as well as the statement of operating results and deficit and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1984 as well as the results of its operations and change in financial position for the year then ended according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, July 5, 1984

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

R.S.Q., c. S-9

BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$506 014	$1 233 122
Accounts receivable (Note 3)	199 683	390 113
Work in progress	34 174	
Inventories	36 676	35 317
Prepaid expenses	26 722	29 259
	803 269	1 687 811
INVESTMENT (Note 4)	10 000	
FIXED ASSETS (Note 5)	1 395 829	1 535 754
ASSETS HELD UNDER CAPITAL LEASE CONTRACTS (Note 6)	226 651	258 257
	$2 435 749	$3 481 822
LIABILITIES		
CURRENT LIABILITIES		
Bank loan — guaranteed	$360 000	$356 000
Accounts payable and accrued charges	176 953	143 953
Payments due within a year		
Long-term debt (Note 7)	168 667	131 739
Commitments under capital lease contracts (Note 8)	63 075	53 669
	768 695	685 361
LONG-TERM DEBT (Note 7)	577 079	772 726
COMMITMENTS UNDER CAPITAL LEASE CONTRACTS (Note 8)	120 283	183 358
	1 466 057	1 641 445
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 9)		
Authorized, issued and paid-up: 300 000 shares, $10 par value	3 000 000	3 000 000
DEFICIT	2 030 308	1 159 623
	969 692	1 840 377
	$2 435 749	$3 481 822

SUBSEQUENT EVENT (Note 14)

ON BEHALF OF THE BOARD OF DIRECTORS

Clovis LABRECQUE
Grégoire GIRARD

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

OPERATING RESULTS AND DEFICIT
for the fiscal year ended March 31, 1984

	1984	1983
REVENUE FROM CONTRACTS (Note 10)	$866 471	$959 541
COST OF PRODUCTION		
Direct labour	445 810	441 404
Direct expenses	15 132	7 074
Indirect cost of production (Note 12)	846 391	801 335
	1 307 333	1 249 813
GROSS LOSS	440 862	290 272
Other revenue (Note 11)	98 694	229 993
	342 168	60 279
General and administrative expenses (Note 13)	528 517	596 034
NET LOSS	870 685	656 313
DEFICIT AT THE BEGINNING	1 159 623	503 310
DEFICIT AT YEAR-END	$2 030 308	$1 159 623

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1984

	1984	1983
SOURCE OF FUNDS		
Long-term debt		$697 451
Commitments under capital lease contracts		2 319
Proceeds upon disposal of fixed assets		28 000
		727 770
APPLICATION OF FUNDS		
Funds for operations		
Net loss	$870 685	656 313
Depreciation on fixed assets and those held under capital lease	(178 913)	(188 815)
Loss on disposal of fixed assets		(25 364)
	691 772	442 134
Investment	10 000	
Acquisition of fixed assets	7 382	59 504
Acquisition of assets held under capital lease		2 319
Decrease in long-term debt	195 647	203 164
Decrease in commitments under capital lease contracts	63 075	
Decrease in commitments following exercice of option to purchase under a long-term capital lease — acquisition and decrease in long-term commitments of other contracts		704 268
	967 876	1 411 389
DECREASE IN WORKING CAPITAL	967 876	683 619
WORKING CAPITAL AT THE BEGINNING	1 002 450	1 686 069
WORKING CAPITAL AT YEAR-END	$34 574	$1 002 450

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — CONSTITUTION AND SCOPE OF ACTIVITY

A joint-stock company under the terms of its founding act, the Société de cartographie du Québec has the following goals:

- to prepare the data necessary for the making and updating of maps and other means of geographically depicting the area of Québec;
- to take aerial and land photographs of the territory for purposes of drawing up maps and the use of other methods of tele-detection for photogrammetry and identification of natural resources as well as for other scientific ends;
- to establish ground control stations for purposes of cartography and photogrammetry;
- to preserve and make available documents prepared in the quest of its goals, along with all others having to do with the cartography, photogrammetry and photography of Québec's territory.

2 — ACCOUNTING POLICIES

The financial statements of the Société were prepared by management according to generally accepted accounting principles, given the relative importance of accounting practice summarized as follows:

Supplies

Inventories are valued at cost.

Work in progress

Work in progress is recorded at cost.

Fixed assets

Fixed assets are recorded at cost. Depreciation is calculated with the straight-line method on the basis of their estimated service life.

	Estimated Service Life
Land development	10 years
Building	40 years
Equipment and machinery	10-15-20 years
Computer equipment	10 years
Office furniture and equipment	10 years
Rolling-stock	4 years

Capital lease contracts

Assets held under capital lease agreements are entered on the books and depreciation is charged as if they were fixed assets. Commitments under such contracts are recorded at the current value of capital payments to be made.

Joint ventures

The Société pursues its activities to a large extent through joint ventures. The financial statements reflect joint-venture activities on a proportional basis.

3 — ACCOUNTS RECEIVABLE

Accounts receivable detail as follows:

	1984	1983
Gouvernement du Québec and its enterprises	$194 986	$354 375
Other	4 697	35 738
	$199 683	$390 113

4 — INVESTMENT

The Société de cartographie du Québec joined forces with the Société française de stéréotopographie to incorporate the Québec firm Carto-Mat Inc., whose shares are held on an equal basis by the two enterprises.

The primary purpose of the new firm is to promote the use of numeric cartography in the negotiation and finalization of cadestral contracts with a view to the creation of a data bank.

The investment of 10 000 common, no par value shares is recorded at cost of acquisition since Carto-Mat Inc. has yet to begin operations.

5 — FIXED ASSETS

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
Land	$122 170		$122 170	$122 170
Development — land	35 713	$30 716	4 997	8 568
Building	406 895	71 394	335 501	345 674
	564 778	102 110	462 668	476 412
Machinery and equipment	1 409 858	498 335	911 523	1 035 015
Office furniture and equipment	39 744	19 507	20 237	22 256
Rolling-stock	7 008	5 607	1 401	2 071
	$2 021 388	$625 559	$1 395 829	$1 535 754

Consulting evaluators have estimated the market value of the building and developed land to be $800 000 at September 1, 1983.

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)

at March 31, 1984

6 — ASSETS HELD UNDER CAPITAL LEASE CONTRACTS

Assets held under capital lease agreements:

	1984	1983
Computer equipment	$316 059	$316 059
Accumulated depreciation	89 408	57 802
	$226 651	$258 257

7 — LONG-TERM DEBT

	1984	1983
Debt bearing 8% annual interest, payable in yearly instalments of $108 046, including capital and interest, maturing July 2, 1985	$192 670	$278 441
Loan at 0.75% above prime, payable in monthly instalments of $11 526, including capital and interest, with an estimated final payment of $348 669, due November 1, 1987	553 076	626 024
	745 746	904 465
Capital payments due within a year	168 667	131 739
	$577 079	$772 726

8 — COMMITMENTS UNDER CAPITAL LEASE CONTRACTS

The current value of capital commitments at March 31 under the terms of lease contracts details as follows:

Fiscal year	Capital Lease Contracts
1985	$95 232
1986	101 573
1987	42 111
Total amount of payments	238 916
Less: interest	55 558
	183 358
Less: that due within a year	63 075
	$120 283

Capital instalments over the coming fiscal years will be as follows:

1985	$63 075
1986	81 999
1987	38 284

9 — CAPITAL STOCK

All Société shares are held by the Government.

10 — REVENUE FROM CONTRACTS

Almost all contract revenue is generated from operations with the Government and its enterprises.

11 — OTHER REVENUE

	1984	1983
Interest on term deposits	$90 212	$226 848
Loss on disposal of fixed assets		(25 364)
Miscellaneous	8 482	28 509
	$98 694	$229 993

12 — INDIRECT COST OF PRODUCTION

	1984	1983
Wages and salaries	$278 203	$269 600
Fringe benefits	109 506	78 724
Equipment — laboratory and other	105 841	96 141
Property taxes	28 180	27 544
Insurance	13 963	13 835
Maintenance and repairs	13 306	12 121
Heat and electricity	17 284	16 003
Depreciation on fixed assets	161 022	169 934
Computer services	118 035	111 806
Miscellaneous	1 049	5 627
	$846 391	$801 335

13 — GENERAL AND ADMINISTRATIVE EXEPNSES

	1984	1983
Wages and salaries	$192 706	$189 270
Fringe benefits	27 932	20 661
Professional fees	39 193	39 424
Property taxes	3 390	3 377
Insurance	1 552	1 537
Maintenance and repairs	2 268	1 559
Security	1 848	1 937
Heat and electricity	1 920	1 778
Equipment rental	4 697	4 171
Travel and sales expenses	38 493	21 666
Office supplies and stationery	14 819	14 954
Directors' fees	6 750	7 000
Communications	9 533	8 492
Interest on long-term debt	82 549	56 142
Interest on capital lease commitments	41 564	146 285
Bank and interest charges	30 446	28 985
Depreciation on fixed assets	17 891	18 881
Tax on capital	6 229	27 730
Miscellaneous	4 737	2 185
	$528 517	$596 034

14 — SUBSEQUENT EVENT

A directive from the Minister of Energy and Resources issued on May 9, 1984 and approved by the Government orders the Société board of directors to take the required steps for the disposal of Société assets. The Société will pursue its operational activity and manage its assets in accordance with its mandate during the transitional period.

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

R.S.Q., c. S-10

AUDITORS' REPORT

To the Minister of Finance
and subscribing cooperative members
of the Société de développement coopératif

We have examined the balance sheet of the Investment Fund and the Operating Fund of the Société de développement coopératif at March 31, 1984 as well as the statement of revenue, expenditure and surplus for the various funds and that of change in financial position of the Investment Fund for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing principles and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial situation of the Société at March 31, 1984 and the results of its operations as well as the change in that position for the fiscal year then ended, according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

RAYMOND, CHABOT, MARTIN, PARÉ & ASSOCIÉS
Chartered Accountants

Québec, May 13, 1984

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

R.S.Q., c. S-10

INVESTMENT FUND

BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
Cash and term deposits for investment purposes	$3 260 491	$2 906 329
Cash and term deposits in reserve as security for outstanding loans (Note 2)	1 065 925	1 105 900
Accrued interest on term deposits	21 600	24 365
Investments and advances to cooperatives	3 382 795	3 007 795
Corporate investments and advances (Note 3)	6 699 500	6 699 500
Subordinate loans	13 051 206	10 850 190
Guaranteed loans	220 975	147 870
Investments in fixed assets	688 324	775 537
	24 042 800	21 480 892
Interest due and accrued	317 374	378 914
	24 360 174	21 859 806
Cumulative allowance for contingent losses on investments and guarantees for outstanding loans (Note 4)	3 243 478	2 254 620
	21 116 696	19 605 186
	$25 464 712	$23 641 780
LIABILITIES		
Note payable		$100 000
Advances from the ministère des Finances (Note 5)	$22 620 142	20 620 142
Advances from subscribing cooperative members (Note 5)	3 200 092	2 700 069
Surplus (deficit)	(355 522)	221 569
	$25 464 712	$23 641 780

The accompanying notes are an integral part of the financial statements.

ON BEHALF OF THE BOARD

Oscar MERCURE, Chairman
Robert SOUPRAS, Vice-chairman

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

INVESTMENT FUND

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1984

	1984	1983
REVENUE		
Interest earned on investments	$1 520 216	$1 416 001
Interest earned on term deposits	491 893	633 890
Rent	43 286	34 189
Recovery of debt written off	22 498	
	2 077 893	2 084 080
EXPENDITURE		
Loan guarantees assumed	49 562	
Retention disbursements	741	697
Provision for contingent losses on investments and guarantees for outstanding loans	1 842 636	1 330 242
	1 892 939	1 330 939
SURPLUS REVENUE OVER EXPENDITURE BEFORE MINIMAL INTEREST ON ADVANCES	184 954	753 141
Minimal interest on advances	762 045	681 300
SURPLUS REVENUE (EXPENDITURE)	$(577 091)	$71 841

SURPLUS (DEFICIT)
for the fiscal year ended March 31, 1984

	1984	1983
BALANCE AT THE BEGINNING	$221 569	$149 728
Surplus revenue (expenditure)	(577 091)	71 841
Balance at year-end	$(355 522)	$221 569

CUMULATIVE PROVISION FOR CONTINGENT LOSSES ON INVESTMENTS AND GUARANTEES FOR OUTSTANDING LOANS
for the fiscal year ended March 31, 1984

	1984	1983
BALANCE AT THE BEGINNING	$2 254 620	$2 298 275
Written off during the year	853 778	1 373 897
	1 400 842	924 378
Aditional allowance for contingent losses	1 842 636	1 330 242
BALANCE AT YEAR-END	$3 243 478	$2 254 620

The accompanying notes are an integral part of the financial statements.

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

INVESTMENT FUND

CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1984

	1984	1983
SOURCE OF FUNDS		
Advances from the ministère des Finances	$2 000 000	$2 000 000
Advances from subscribing cooperative members	500 023	500 023
Reimbursement on loans and investments	2 477 681	2 854 541
	4 977 704	5 354 564
Surplus revenue (expenditure)	(577 091)	71 841
Elements constituting no source or application of funds:		
Net charge in accrued interest	64 305	(269 694)
Decrease in note payable	(100 000)	
Increase in the cumulative provision for contingent losses	1 842 636	1 330 242
Funds from operations	1 229 850	1 132 389
	6 207 554	6 486 953
APPLICATION OF FUNDS		
Increase (decrease) in the cash reserve for guarantees on outstanding loans	(39 975)	938 550
Investments and advances to cooperatives	1 009 460	2 425 682
Subordinate loans	4 871 120	3 338 171
Guaranteed loans	100 000	170 000
Increase (decrease) in investments in fixed assets	(87 213)	164 272
	5 853 392	7 036 675
INCREASE (DECREASE) IN CASH POSITION	354 162	(549 722)
CASH FOR INVESTMENT AT THE BEGINNING	2 906 329	3 456 051
CASH FOR INVESTMENT AT YEAR-END	$3 260 491	$2 906 329

The accompanying notes are an integral part of the financial statements.

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

R.S.Q., c. S-10

OPERATING FUND

BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
Cash		$15 997
Accounts receivable (Note 6)	$168 205	44 145
Fixed assets (Note 7)		
Cost	564 684	559 304
Accumulated depreciation	89 259	66 627
	475 425	492 677
	$643 630	$552 819
LIABILITIES		
Overdraft	$35 049	
Caisse populaire loan	200 000	$190 000
Accounts and accrued charges payable	37 831	52 523
Wages, salaries and vocation benefits payable	53 379	54 589
Mortgage loan on the building, at 12% due August 14, 1988	190 000	190 000
Surplus	127 371	65 707
	$643 630	$552 819

The accompanying notes are an integral part of the financial statements.

ON BEHALF OF THE BOARD

Oscar MERCURE, Chairman
Robert SOUPRAS, Vice-chairman

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

OPERATING FUND

REVENUE, EXPENDITURE AND SURPLUS

for the fiscal year ended March 31, 1984

	1984	1983
REVENUE		
Contribution from the ministère des Finances	$1 000 000	$1 000 000
Interest earned on term deposits	27 618	52 266
Technical assistance	452 364	310 675
Administrative expenses	30 784	102 866
Gain on disposal of fixed assets		2 640
	1 510 766	1 468 447
EXPENDITURE		
Wages, salaries and fringe benefits	964 075	975 578
Travel expenses	109 476	128 256
Advertising and information	12 432	13 593
Office equipment and supplies	129 531	125 304
Professional fees	22 220	19 769
Telecommunications	63 037	70 455
Meetings	17 138	28 327
Rent and related expenses	80 309	65 835
Technical assistance		7 585
Bad debts	3 806	63 444
Interest on borrowings	24 446	21 269
Building depreciation and major repairs	8 445	8 626
Depreciation on furniture and equipment	14 187	12 683
	1 449 102	1 540 724
SURPLUS REVENUE (EXPENDITURE)	61 664	(72 277)
SURPLUS AT THE BEGINNING	65 707	137 984
SURPLUS AT YEAR-END	$127 371	$65 707

The accompanying notes are an integral part of the financial statements.

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — MAJOR ACCOUNTING POLICIES

Investment in a wholly-owned subsidiary

The goal of the Société is to provide certain cooperative enterprises with financial assistance and services for the purpose of stimulating their creative forces and development. To this end, the Société formed a holding company to acquire buildings for resale to housing cooperatives.

In the belief that separate presentation of the financial statements of this subsidiary, even in summary fashion in Note 9, would make for the greatest clarity, the investment is recorded on the books of the Société at cost.

Investments, subordinate loans, guaranteed loans and real estate investments

These are recorded at cost under assets upon disbursement.

Investments take the form of common and preferred shares or advances to cooperative undertakings.

Subordinate loans are in no way guaranteed.

Loans are secured by collateral, mortgage or mortgage debenture on specific assets.

Real estate investments are composed of property held by the Société against commitments on the part of housing cooperatives to buy back or rent such assets, in accordance with section 29 of the Act respecting the Société de développement coopératif. (R.S.Q., c. S-10)

Cumulative provision for contingent losses on investments and guarantees for outstanding loans

A provision is charged to expenditure for probable losses on specific loans, investments and loan guarantees as well as for contingent losses. The cumulative provision for contingent losses is calculated on the basis of past experience and a case-by-case study so as to parry losses on investments, loans and loan guarantees where a significant change is felt to have a negative impact on the development of a cooperative's economic activities.

Fixed assets:

Fixed assets are recorded at their cost of acquisition and depreciation is charged according to the straight-line method on the basis of their estimated service life at the following rates:

Building and major repairs	2 1/2%
Furniture and equipment	10 %

2 — CASH AND TERM DEPOSITS IN RESERVE FOR GUARANTEES ON OUTSTANDING LOANS

The Société acted as surety on loans totaling $2 131 850 at March 31, 1984. As required under section 33 of the Act, the Société put up $1 065 925 of its term deposits as a reserve equal to 50% of the amount of outstanding loans.

3 — CORPORATE INVESTMENTS AND ADVANCES

	1984	1983
S.D.C. (Habitation) 1980 Inc. — wholly-owned subsidiary:		
1 000 common shares	$1 000 000	$1 000 000
499 "C" class preferred shares (3% non cumulative dividend, redeemable at $1 000 par value)	499 000	499 000
	1 499 000	1 499 000
Advances on notes (higher of 3% or 75% of profits)	5 001 000	5 001 000
	6 500 000	6 500 000
1856-2900 Québec Inc. (50% of shares issued)		
50 class "A" shares	500	500
Advances on a note (10 3/4%)	199 000	199 000
	199 500	199 500
	$6 699 500	$6 699 500

4 — CUMULATIVE PROVISION FOR CONTINGENT LOSSES ON INVESTMENTS AND GUARANTEES FOR OUTSTANDING LOANS

The cumulative provision for contingent losses on investments and guarantees for outstanding loans reflects the revised estimate described in Note 1. The provision includes $1 503 540 owed by Pêcheurs-Unis du Québec.

5 — ADVANCES FROM THE MINISTÈRE DES FINANCES AND SUBSCRIBING COOPERATIVE MEMBERS

Advances bear interest at an annual rate equal to 50% of surplus revenue over expenditure, providing payment of such interest does not create a deficit, but no less than 3%; where interest payments equal 50% of surplus revenue over expenditure, the board may vote a supplementary rate as long as the total overall is not more than 1/2 of 1% over prime. Any such additional interest payment is charged against the surplus upon disbursement.

Advances are to be repaid as follows:

1993	$1 000 000
1994	1 000 000
1995	5 500 000
1996	5 820 165
1997	7 500 023
1998	2 500 023
1999	2 500 023

The Act respecting the Société de développement des coopératives (1984, chapter 8) was passed by the National Assembly on May 23, 1984; under section 47 of the Act, the Société de développement des coopératives must as of the coming into force of the Act begin reimbursing the Government and subscribing cooperative members for advances made to the Société de développement coopératif, founded by the Act respecting the Société de développement coopératif (R.S.Q., c. S-10), on a prorata basis from reimbursements of financial assistance granted prior to that date.

6 — ACCOUNTS RECEIVABLE

	1984	1983
Technical assistance to cooperatives	$159 750	$27 989
S.D.C. (Habitation) 1980 Inc.	2 908	9 563
Others	5 547	6 593
	$168 205	$44 145

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

7 — FIXED ASSETS

	1984		1983	
	Cost	Net Book Value	Cost	Net Book Value
Land	$85 000	$85 000	$85 000	$85 000
Buildings and major repairs	337 817	300 885	333 707	305 220
Furniture and equipment	141 867	89 540	140 597	102 457
	$564 684	$475 425	$559 304	$492 677

8 — COMMITMENTS ON INVESTMENTS, SUBORDINATE LOANS, GUARANTEED LOANS AND LOAN GUARANTEES

At the date of the balance sheet, financial assistance that was authorized but not yet disbursed amounted to $2 659 739, aside from these items shown as assets. Loan guarantees in the amount of $885 000 were authorized but not yet in effect at March 31, 1984. At year-end, the Société had authorized subordinate loans for $242 000 and loan guarantees valued at $60 000, all of which were conditional on the Investment Fund having the sums to provide such financial assistance.

9 — S.D.C. (HABITATION) 1980 INC. — SUMMARY FINANCIAL STATEMENTS

Balance sheet as at December 31, 1983

Assets	
Current assets	$21 551 584
Net fixed assets	229 796
Set-up charges, at cost	455 036
	$22 236 416
Liabilities and shareholders' equity	
Current liabilities	$15 728 282
S.D.C. advances	5 001 000
Capital stock	1 499 000
Retained earnings	8 134
	$22 236 416

Operating results and retained earnings for the fiscal year ended December 31, 1983

Revenue	$5 246 283
Expenditure	4 588 039
Gross profit before depreciation and interest expense	658 244
Depreciation on fixed assets and amortization of start-up costs	500 080
Interest on account payable to shareholder	150 030
	650 110
Net profit and retained earnings at year-end	$8 134

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

R.S.Q., c. D-8

AUDITORS' REPORT

To Mr. Yves Duhaime
Minister responsible
for implementing the James Bay
Region Development Act
Hôtel du Gouvernement
Québec

We have examined the balance sheet of the Société de développement de la Baie James at December 31, 1983 as well as the statement of operating results and deficit and that of change in financial position for the fiscal year then ended, having obtained all information and explanations requested. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

Given the information and explanations we received and that shown on the Société's books, these statements in our opinion accurately present its financial situation at December 31, 1983 as well as its operating results and change in financial position for the fiscal year then ended according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

MAHEU NOISEUX
Chatered Accountants

C. Albert POISSANT, F.C.A.
of POISSANT RICHARD/THORNE RIDDELL
Chartered Accountants

Montréal, February 21, 1984
(May 15, 1984 for Note 14)

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

R.S.Q., c. D-8

BALANCE SHEET

as at December 31, 1983

	1983	1982
ASSETS		
CURRENT ASSETS		
Accounts receivable (Note 3)	$2 337 150	$3 113 164
Subsidy, ministère de l'Énergie et des Ressources		1 915 673
Demand notes — subsidiaries	1 636 480	923 163
Inventories	458 931	567 406
	4 432 561	6 519 406
ACCOUNT RECEIVABLE — SEBJ — HOLDBACKS	198 071	251 733
INVESTMENTS		
Mortgage loans (Note 4)	414 291	2 492 165
Investments in subsidiaries (Note 5)	1 214 082	1 686 772
Advances receivable — subsidiary (Note 13)		5 551 355
Share capital at cost (market value, 1983: $260 000; $150 000 in 1982)	350 000	350 000
Loan receivable (Note 13)		150 000
	1 978 373	10 230 292
Joe Mann mining project (Notes 13 & 14)	2 400 000	14 477 749
Mining exploration projects (Notes 6 & 14b)	18 357 162	23 307 142
Fixed assets (Note 7)	2 319 689	2 835 958
Development (Notes 8 & 13)	5 570 484	14 871 424
	$35 256 340	$72 493 704

ON BEHALF OF THE BOARD

Antoine ROUSSEAU, director
Albert JESSOP, director

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

R.S.Q., c. D-8

BALANCE SHEET

as at December 31, 1983

	1983	1982
LIABILITIES AND SHAREHOLDER EQUITY		
CURRENT LIABILITIES		
Loan indebtedness	$7 085 714	$4 955 458
Accounts payable and accrued charges	2 930 327	3 898 463
Account payable — Municipalité de la Baie James	147 704	389 287
Mortgage due within a year	24 481	22 307
	10 188 226	9 265 515
Holdback on contracts — infrastructure and other	249 787	301 126
Mortgages payable (Note 9)	365 437	389 918
SHAREHOLDER EQUITY		
Capital stock (Note 10)		
Authorized:		
10 000 000 common shares, $10 par value		
Issued and paid-up:		
6 000 000 shares	60 000 000	60 000 000
Contributed surplus	4 302 500	4 302 500
Deficit	(39 849 610)	(1 765 355)
	24 452 890	62 537 145
	$35 256 340	$72 493 704

COMMITMENTS (Note 11)

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

OPERATING RESULTS AND DEFICIT

for the fiscal year ended December 31, 1983

	1983	1982
REVENUE		
Interest on short-term deposits		$280 573
Interest — subsidiaries	$129 897	82 658
Interest — mortgage loans	140 206	402 055
Rental and other	2 676 807	3 053 940
	2 946 910	3 819 226
Less: Revenue remittance — SEBJ	677 959	740 359
Net revenue	2 268 951	3 078 867
EXPENDITURE		
Wages, salaries and fringe benefits	5 946 318	7 421 779
Operating, maintenance and administrative expenses	13 077 302	14 879 114
Interest on borrowings	577 184	246 073
Depreciation on fixed assets	492 181	515 273
	20 092 985	23 062 239
Less: Recoveries — SEBJ, Hydro-Québec and subsidiaries	15 354 572	15 419 455
Capitalized expenditure (Note 12)	939 983	2 148 246
	16 294 555	17 567 701
Net expenditure	3 798 430	5 494 538
LOSS BEFORE THE FOLLOWING ITEMS:	(1 529 479)	(2 415 671)
Subsidy — ministère de l'Énergie et des Ressources		1 915 673
Abandoned projects — mining exploration	(8 693 392)	(907 369)
	(8 693 392)	1 008 304
OPERATING LOSS BEFORE EXTRAORDINARY ITEMS AND PARTICIPATION	(10 222 871)	(1 407 367)
Extraordinary items (Note 13)	(27 694 594)	
OPERATING LOSS BEFORE PARTICIPATION	(37 917 465)	(1 407 367)
Share in net losses of subsidiaries (Note 5)	(166 790)	(672 940)
NET LOSS	(38 084 255)	(2 080 307)
RETAINED EARNINGS (DEFICIT) AT THE BEGINNING	(1 765 355)	314 952
DEFICIT AT YEAR-END	$(39 849 610)	$(1 765 355)

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

CHANGE IN FINANCIAL POSITION

for the fiscal year ended December 31, 1983

	1983	1982
SOURCE OF FUNDS		
Decrease in accounts receivable — SEBJ — holdbacks	$53 662	$100 241
Decrease in contract holdbacks — infrastructure and other	(51 339)	(1 493 789)
	2 323	(1 393 548)
Decrease in mortgage loans	2 077 874	65 702
Proceeds on disposal of fixed assets and infrastructure	348 576	60 171
Remittance of proceeds on disposal of fixed assets and infrastructure — SEBJ and Hydro-Québec	(131 341)	(35 510)
	217 235	24 661
Contributed surplus		1 350 000
	2 297 432	46 815
Decrease in working capital	3 009 556	7 008 868
	$5 306 988	$7 055 683
APPLICATION OF FUNDS		
Operations		
Net loss	$38 084 255	$2 080 307
Items requiring no outlay of funds		
Depreciation on fixed assets	(492 181)	(515 273)
Extraordinary items	(27 694 594)	
Abandoned projects — mining exploration	(8 693 392)	(907 369)
Share of subsidiaries' net losses	(166 790)	(672 940)
Loss on disposal of fixed assets and infrastructure	(3 450 263)	(374 352)
Contribution — loss on disposal of fixed assets and infrastructure, SEBJ and Hydro-Québec	3 607 816	389 627
	1 194 831	—
Development		
Investment	747 732	396 224
Contribution — SEBJ and Hydro-Québec	(740 781)	(318 619)
	6 951	77 605
Joe Munn mining project		
Investment	128 124	699 480
Mining exploration projects		
Investment	3 874 634	6 111 801
Partnership participation		(57 358)
Redemption of partnership shares	166 950	
Participation — other	(124 629)	(450 063)
	3 916 955	5 604 380
Fixed assets		
Purchases	80 240	547 110
Contribution — SEBJ and Hydro-Québec	(77 409)	(419 978)
	2 831	127 132
Mortgages payable	24 481	22 307
Investment in a subsidiary		510 000
Increase in advances receivable — subsidiary	32 815	14 779
	$5 306 988	$7 055 683

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

1 — LEGAL EXISTENCE AND SCOPE OF ACTIVITY

The Société de développement de la Baie James (SDBJ) is a paragovernmental entity created under a special Act whose shares are entirely held by the Government. The SDBJ has been charged with natural resource and infrastructure development for the James Bay region. It also has been given responsibility for the administration and development of the area. Efforts are under way to change the Société's mandate.

2 — ACCOUNTING POLICIES

(a) Investments in subsidiaries

The financial statements have been prepared for submission to the Minister responsible for implementing the James Bay Region Development Act and to the National Assembly as well as for whomever is interested.

The financial statements of SDBJ subsidiaries are presented separately in the belief the result would make for greater clarity. Except for the investment in the Société de développement autochtone de la Baie James (Sodab) recorded at cost because the increase in its net equity cannot be distributed among shareholders, SDBJ investments in subsidiaries are entered at cost plus a share of retained earnings (equity method). Sotel Inc., a major subsidiary, is a regulated company.

(b) Inventories

Inventories are recorded at the lesser of replacement value and cost, which is determined with the FIFO method.

(c) Mining exploration projects

SDBJ participation is recorded at cost except in the case of a few joint ventures to which the SDBJ made no monetary contribution. Being of a technical nature, the contribution is not shown on the financial statements.

The cost of abandoning or liquidating projects is charged to operations for the year in which this takes place.

(d) Land, buildings, modular homes and other equipment

These fixed assets are recorded at cost, less any contribution from third parties.

(e) Depreciation

Depreciation is charged on fixed assets using the straight-line method on the basis of net cost over their estimated service life.

	Anticipated Service Life
Buildings	20 years
Modular homes	10 years
Office furniture and equipment	5 years
Equipment	3 years
Rolling-stock	3 years

(f) Development

Infrastructure

On February 10, 1972, the SDBJ signed an agreement with the Société d'énergie de la Baie James (SEBJ) whose terms called for the SDBJ to build the infrastructure required for the development of James Bay hydroelectric resources (permanent and winter roads, bridges, airports and others) by the SEBJ for which the latter agreed to pay 99% of net construction costs incurred by the SDBJ. The SEBJ is to assume the entire maintenance and operating costs as long as it is sole user. The infrastructure remains the property of the SDBJ, which may not cede, move or dispose of such installations without SEBJ consent.

(g) Income tax

As a Government-owned corporation, the SDBJ and its wholly owned subsidiaries are not subject to income tax.

(h) Pension plan

A contributory pension plan covers all permanent employees of the SDBJ and its subsidiaries. Based on the average of the employee's earnings for the five best years, pension benefits become payable at the normal retirement age of 65 or by age 71.

Each year, pension benefits are fully funded. In the course of the first quarter, an actuarial valuation is made on the basis of credited service and any shortfall is covered during that year.

Because of the experience gain, the SDBJ and its subsidiary Sotour were exempt from making pension contributions in 1983, as were the employees.

3 — ACCOUNTS RECEIVABLE

	1983	1982
Société d'énergie de la Baie James	$1 118 763	$1 878 246
Hydro-Québec	380 620	350 902
Subsidiaries	88 126	72 077
Other	749 641	811 939
	$2 337 150	$3 113 164

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

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4 — MORTGAGE LOANS

	1983	1982
(a) Second mortage bond		$2 000 000
(b) Loan to a subsidiary, at annual interest of 10¾%, guaranteed by a first mortgage, payable in monthly instalments of $10 585 (capital and interest), last instalment due December 1, 1988	$492 166	557 867
	492 166	2 557 867
Less: the portion receivable within a year included in accounts receivable	77 875	65 702
	$414 291	$2 492 165

5 — INVESTMENTS IN SUBSIDIARIES

	Share	Investments at December 31, 1982	1983 Devaluation (Note 13)	Share of 1983 Net Profit (Loss)	Investments at December 31, 1982
Sotel inc.	51%	$868 042		$136 146	$1 004 188
Sotour	100%	225 807		(225 807)	
Somine inc.	100%	286 513		(77 129)	209 384
Fer Albanel limitée	51%	305 900	$(305 900)		
Sodab	51%	510			510
		$1 686 772	$(305 900)	$(166 790)	$1 214 082

The SDBJ share of Sotel inc., Sotour and Somine inc. profit since their founding amounts to $618 722.

6 — MINING EXPLORATION PROJECTS

	1983	1982
Mining exploration projects	$26 554 043	$34 343 504
Participation:		
Limited partnerships	(7 236 376)	(9 927 699)
Redemption of partnership shares	166 950	
Others	(1 127 455)	(1 108 663)
	(8 196 881)	(11 036 362)
Net cost	$18 357 162	$23 307 142

Net costs will be recovered to the extent mining operations prove profitable.

A limited partnership, Exploration SDBJ 1980, was formed on July 4, 1980 under the laws of the Province, with the SDBJ as general partner and holders of participation units as limited partners. The enterprise participated in the financing of mining exploration work in the James Bay region. Under an agreement reached with Les Ressources du Lac Meston Inc. (Meston) and the SDBJ, to which Note 14 concerning subsequent events refers, Meston is committed to redeem 235 700 units subscribed by partners with 500 000 of its common shares; the SDBJ has, for its part agreed to the arrangement with respect to the 53 000 units redeemed to date at a cost of $166 950.

Under the terms of a letter of intent signed on July 26, 1983 Soquem agreed to accept management responsibility for mining exploration programs. It must keep mining claims in force, is responsible for the preparation and follow-up of exploration program budgets, the review of programs under way and overseeing or carrying out exploration work, as the case may be. The agreement comes to an end on December 31, 1983 but will be tacitly renewed from year to year.

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

NOTES TO FINANCIAL STATEMENTS (cont'd)

at December 31, 1983

7 — FIXED ASSETS

	1983	1982
Land	$167 292	$175 276
Buildings	2 218 864	2 217 861
Modular homes	2 587 949	2 707 789
Office furniture and equipment	1 620 414	1 841 141
Equipment	1 802 990	1 780 878
Rolling-stock	2 498 416	3 064 931
	10 895 925	11 787 876
Contribution — SEBJ and Hydro-Québec	5 752 350	6 168 612
Net cost	5 143 575	5 619 264
Accumulated depreciation	2 823 886	2 783 306
	$2 319 689	$2 835 958

8 — DEVELOPMENT

	1983	1982
Infrastructure	$405 240 390	$407 770 377
Contribution — SEBJ and Hydro-Québec	399 669 906	402 174 611
Net cost	5 570 484	5 595 766
Regional development planning		5 275 627
Contribution — SEBJ		507 238
Net cost		4 768 389
Environmental protection		7 345 937
Contribution — federal government		2 838 668
Net cost		4 507 269
	$5 570 484	$14 871 424

9 — MORTGAGES PAYABLE

	1983	1982
First mortgage on a building, 14-year term, at 11¾% interest renegotiable yearly on April 1, payable in monthly instalments of $2 102, including capital and interest, April 1, 1983	$177 045	$181 842
Second mortgage on a buildings, at 10% interest payable in monthly instalments of $3 276, including capital and interest, due September 15, 1991	212 873	230 383
	389 918	412 225
Due within a year	24 481	22 307
	$365 437	$389 918

10 — CAPITAL STOCK

SDBJ shares are part of the public domain and assigned to the Minister of Finance.

Section 25 of the James Bay Region Development Act prescribes that the Minister of Finance shall pay the SDBJ an amount up to $10 000 000 for 1 000 000 shares from the Consolidated Revenue Fund during each of ten years; 6 million shares have been issued and fully paid up. The Minister of Finance ceased subscribing shares on March 2, 1977.

11 — COMMITMENTS

	Total	SEBJ and Hydro-Québec	SDBJ
Construction and maintenance of infrastructure and buildings	$8 853 708	$8 792 808	$60 900
Purchase of fixed and other assets	14 523	668	13 855
Mining exploration projects	2 410 125		2 410 125
At December 31, 1983	$11 278 356	$8 793 476	$2 484 880

The Société has other commitments under a long-term lease that expires in 1988 for $170 616 yearly. The lease comprises a renewal option for one to five years.

12 — CAPITALIZED EXPENDITURE

	1983	1982
Joe Mann mining project	$200 000	$83 860
Mining exploration projects	739 983	1 721 109
Fixed assets		177 437
Development		165 840
	$939 983	$2 148 246

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

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13 — EXTRAORDINARY ITEMS

As a concrete expression of the new SDBJ orientation in preventing the further deterioration of the market for iron ore in which the SDBJ has an interest with its participation in Fer Albanel Limitée and to put a contractual agreement concerning the Joe Mann mining project into immediate effect, to which the Note on subsequent events refers, certain accounting write-downs and write-offs were required as follows

Write-off of development costs relating to regional planning and environmental protection	$9 275 108
Write-down of Fer Albanel Limitée share investment and write-off of advances receivable	5 890 070
Write-down of the investment in Joe Mann mining project, including loan receivable, at quoted value of common shares receivable, to $2 400 000	12 529 416
	$27 694 594

14 — SUBSEQUENT EVENTS

(a) Les Ressources du Lac Meston Inc.

According to an agreement signed in July 1980 with Les Ressources du Lac Meston inc., Valley Mining Corp. (Meston), the SDBJ agreed to a joint venture in order to put certain Meston mining properties back into a productive state, the Joe Mann mining project in particular.

Mining operations were interrupted due to the unfavourable economic context and the parties brought their differences before the courts.

In settlement of the dispute, a transaction was agreed to on March 30, 1984.

Under the agreement, the SDBJ is committed to cede all interest and rights to reimbursement of any amount advanced or spent, including any loan to Meston, in return for 1 million fully paid-up Meston common shares and a royalty on production from the mine calculated on a variable rate based on the world gold price. The quoted value of Meston shares receivable served as retroactive basis for valuating the SDBJ participation in the Joe Mann project.

The SDBJ has a right to participate in any future issue of common shares, subject to certain conditions. There are, in addition, restrictions on the disposal of such shares.

(b) Mining exploration projects

A wholly-owned subsidiary, Somine, became proprietor of almost all of the Société's mining assets on March 15, 1984. The Société considers that the transfer, which took place for $1 plus other considerations, in no way affects the prior value of the assets.

15 — COMPARATIVE FIGURES

Certain items from the previous fiscal year have been altered for purposes of this year's presentation.

SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES DE LA CULTURE ET DES COMMUNICATIONS

R.S.Q., c. S-10.01

AUDITOR'S REPORT

I have examined the balance sheet of the Société de développement des industries de la culture et des communications at March 31, 1984 as well as the statement of operating results and deficit and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1984 as well as the results of its operations and the change in its financial position for the fiscal year then ended, according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, May 4, 1984

SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES DE LA CULTURE ET DES COMMUNICATIONS

R.S.Q., c. S-10.01

BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$1 023 389	$1 989 678
Accrued interest on term deposits and loans	216 637	213 028
Loans due within a year	3 334 164	2 053 719
Accounts receivable	39 450	13 530
	4 613 640	4 269 955
INVESTMENTS		
Subsidiary, at equity value (Notes 3 & 4)	996 989	1 022 709
Share in the capital stock of enterprises, at cost (Note 3)	160 005	5
	1 156 994	1 022 714
LOANS (Note 5)	5 568 588	4 963 103
FIXED ASSETS (Note 6)	91 837	89 037
OTHER	105 628	123 234
	6 923 047	6 198 088
	$11 536 687	$10 468 043
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	$62 512	$118 631
Provision for guarantees		114 674
	62 512	233 305
SHAREHOLDER EQUITY		
Capital stock (Note 7)		
Authorized: 200 000 shares, $100 par value		
Issued and paid-up: 135 000 shares (110 000 in 1983)	13 500 000	11 000 000
DEFICIT	(2 633 514)	(1 372 951)
CONTRIBUTED SURPLUS (Note 8)	607 689	607 689
	11 474 175	10 234 738
	$11 536 687	$10 468 043

COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD OF DIRECTORS

Jules BELLEGARDE
Pierre A. DESCHÊNES

SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES DE LA CULTURE ET DES COMMUNICATIONS

OPERATING RESULTS AND DEFICIT

for the fiscal year ended March 31, 1984

	1984	1983
REVENUE		
Interest on term deposits and loans	$1 078 884	$1 126 036
EXPENDITURE		
Administrative expenses (Note 9)	1 004 402	741 293
Provision for losses on loans	1 309 325	1 086 870
Provision for guarantees		147 870
	2 313 727	1 976 033
OPERATING LOSS	1 234 843	849 997
Share of net operating loss in Les Placements R.D.P. Inc.	25 720	34 980
NET LOSS	1 260 563	884 977
DEFICIT AT THE BEGINNING	1 372 951	487 974
DEFICIT AT YEAR-END	$2 633 514	$1 372 951

SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES DE LA CULTURE ET DES COMMUNICATIONS

CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1984

	1984	1983
SOURCE OF FUNDS		
Capital stock	$2 500 000	$2 500 000
Increase in loan payments due within a year	1 421 513	1 327 289
Reimbursement of loans	3 574 899	2 674 408
Proceeds upon disposal of equipment		191
	7 496 412	6 501 888
APPLICATION OF FUNDS		
Operating loss	1 234 843	849 997
Items not affecting working capital:		
Provision for losses on loan payments due after a year	(1 116 591)	(763 136)
Depreciation of fixed assets	(17 729)	(14 189)
Amortization of start-up costs	(17 606)	(17 604)
Loss on disposal of equipment		(386)
Funds for operations	82 917	54 682
Loans granted	6 718 488	6 483 579
Acquisition of capital stock in enterprises	160 000	
Acquisition of a subsidiary		450 000
Acquisition of fixed assets	20 529	18 118
	6 981 934	7 006 379
INCREASE (DECREASE) IN WORKING CAPITAL	514 478	(504 491)
WORKING CAPITAL AT THE BEGINNING	4 036 650	4 541 141
WORKING CAPITAL AT YEAR-END	$4 551 128	$4 036 650

SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES DE LA CULTURE ET DES COMMUNICATIONS

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — CONSTITUTION AND SCOPE OF ACTIVITY

A joint-stock company, the Société de développement des industries de la culture et des communications — SODICC, was founded under a special Act. Its purpose is to promote the development of cultural undertakings in Québec and the quality, authenticity and competitiveness of their products as well as ensure their distribution, in addition to promoting the creation and development of enterprises operating in the areas of communications services and cultural property.

In the pursuit of its goals, the Société acts as guarantor, lender and investor or risk capital, independantly from the form its intervention takes (loan, capital advance, loan guarantee or shares)

2 — ACCOUNTING POLICIES

Société financial statements were prepared by management, given the framework and relative importance of accounting practice summarized as follows:

Investments

Subsidiary, at equity value

The Société records its investment in a subsidiary at equity value since it does not have actual control of operations. For accounting purposes, the investment is recorded at equity value plus retained earning or minus its deficit since acquisition.

Provision for losses on loans

A provision for losses on loans is set up for accounts presenting collection difficulties by evaluating the expected loss and by applying a rate to estimate contingent losses on overdue accounts.

Fixed assets

Fixed assets are recorded at cost, with depreciation charged according to the straight-line method over their estimated service life at the following annual rates:

Office furniture	10%
Equipment	20%

The cost of leasehold improvements is amortized over the length of the lease. Works of art are shown at undepreciated cost.

Other

This item represents start-up costs, which are amortized over ten years using the straight-line method.

3 — INVESTMENTS

(a) Subsidiary, at equity value
The Société holds 937 common shares in Les Placements R.D.P. Inc., 51% of its capital stock

	1984	1983
Common shares, at cost	$450 000	$450 000
Transfer of real property, at assigned value (Note 8)	607 689	607 689
	1 057 689	1 057 689
Share of deficit since acquisition	60 700	34 980
	$996 989	$1 022 709

(b) Share in capital stock of enterprises, at cost

	1984	1983
Common shares	$160 005	$5

4 — SUMMARY FINANCIAL STATEMENTS OF SUBSIDIARY LES PLACEMENTS R.D.P. INC.

BALANCE SHEET AT MARCH 31	1984	1983
Current assets	$166 420	$418 872
Fixed assets, at depreciated value	2 210 439	1 716 197
	$2 376 859	$2 135 069
Current liabilities	$234 282	$249 203
Long-term debt	1 455 000	1 147 858
Shareholder equity		
Capital stock	18 370	18 370
Contributed surplus	1 048 319	1 048 319
Deficit	(379 112)	(328 681)
	$2 376 859	$2 135 069

OPERATING RESULTS AND DEFICIT	(12 mos)	(5 mos)
Rental revenue	$406 703	$80 674
Building operations and other expenditure	223 604	67 792
Depreciation on fixed assets	56 052	9 509
Interest on long-term debt	177 478	50 352
	457 134	127 653
Net loss	50 431	46 979
Deficit at the beginning	328 681	281 702
Deficit at year-end	$379 112	$328 681

5 — LOANS

	1984	1983
Loans	$12 201 704	$9 058 113
Provision for losses	3 298 952	2 041 291
	8 902 752	7 016 822
Loans due within one year	3 334 164	2 053 719
	$5 568 588	$4 963 103

Provision for losses on loans including interest due and accrued

	1984	1983
Balance at the beginning	$2 229 872	$1 169 324
Written off during the year	160 728	26 322
	2 069 144	1 143 002
Provision for the year	1 309 325	1 086 870
Balance at year-end	$3 378 469	$2 229 872

The provision for losses is charged agains the balance sheet as follows:

	1984	1983
Loans	$2 849 171	$1 732 578
Loans due within one year	449 781	308 713
	3 298 952	2 041 291
Accrued interest on term deposits and loans	79 517	188 581
	$3 378 469	$2 229 872

SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES DE LA CULTURE ET DES COMMUNICATIONS

NOTES TO FINANCIAL STATEMENTS (cont'd)

at March 31, 1984

6 — FIXED ASSETS

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
Office furniture	$67 769	$18 455	$49 314	$45 565
Equipment	26 298	13 621	12 677	8 936
Leasehold improvements	41 164	17 232	23 932	29 720
Works of art	5 914		5 914	4 816
	$141 145	$49 308	$91 837	$89 037

7 — CAPITAL STOCK

Société shares are part of the public domain and are assigned to the Minister of Finance. Under the Act founding the SODICC, the Minister of Finance is authorized to pay the Société from the Consolidated Revenue Fund, according to terms set by the Government, for the balance of shares not yet issued. During the year ended March 31, 1984 25 000 shares were issued and paid for $2 500 000.

8 — CONTRIBUTED SURPLUS

The contributed surplus from the Government, the Société's sole shareholder, was in the form of real property of an assigned value of $607 689.

9 — ADMINISTRATIVE EXPENSES

	1984	1983
Wages, salaries and fringe benefits	$671 572	$480 527
Directors' fees	17 750	18 000
Professional fees	78 119	21 375
Travel, sales and convention expenses	35 129	33 244
Rent	92 300	94 500
Taxes and insurance	9 124	7 133
Maintenance and repairs	6 526	4 457
Stationery and office supplies	27 845	23 416
Advertising and promotional material	16 935	9 081
Communications	10 156	9 635
Depreciation of fixed assets	17 729	14 189
Amortization of start-up costs	17 606	17 604
Other	3 611	8 132
	$1 004 402	$741 293

10 — COMMITMENTS

The balance committed on loans and shares in the capital stock of enterprises but not yet disbursed amounts to $4.9 million at March 31, 1984. Société obligations relating to bank loan guarantees amount to $90 000 at that same date.

SOCIÉTÉ DE DÉVELOPPEMENT IMMOBILIER DU QUÉBEC

R.S.Q., c. S-11

AUDITOR'S REPORT

I have examined the balance sheet of the Société de développement immobilier du Québec at March 31, 1984 as well as the statement of revenue, expenditure and deficit for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1984 and the results of its operations for the year then ended according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, June 27, 1984

SOCIÉTÉ DE DÉVELOPPEMENT IMMOBILIER DU QUÉBEC

R.S.Q., c. S-11

BALANCE SHEET

as at March 31, 1984

	1984	1983
		(Note 6)
ASSETS		
CURRENT ASSETS		
Cash	$14 245	
Accounts receivable	101 673	
Accrued debenture interest	1 005 000	
Government of Canada subsidy receivable		$1 000 000
	1 120 918	1 000 000
INVESTMENT IN PLACE DESJARDINS INC. — at equity value (Note 2)		
Common shares — at cost	7 840 000	7 840 000
Share of deficit	(8 453 026)	(10 294 279)
Debentures — at cost	67 000 000	67 000 000
	66 386 974	64 545 721
CONSTRUCTION OF THE PALAIS DES CONGRÈS DE MONTRÉAL (Note 3)		63 012 223
	$67 507 892	$128 557 944
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash		$114 533
Bank indebtedness		1 975 000
Accrued interest	$1 007 020	1 278 586
Accounts payable		3 555 900
Note payable — Caisse de dépôt et placement du Québec		27 000 000
	1 007 020	33 924 019
LONG-TERM DEBT (Note 4)	67 000 000	97 000 000
	68 007 020	130 924 019
SHAREHOLDER DEFICIENCY		
Government contribution	7 666 100	7 666 100
Deficit	8 165 228	10 032 175
	(499 128)	(2 366 075)
	$67 507 892	$128 557 944

SUBSEQUENT EVENT (Note 5)

ON BEHALF OF THE SOCIÉTÉ

Jean-Claude CAREAU
Jean-Yves GAGNON

REVENUE, EXPENDITURE AND DEFICIT
for the fiscal year ended March 31, 1984

	1984	1983
REVENUE		
Investment in Place Desjardins Inc. (Note 2)		
Share of operating results for the twelve months ended March 31	$1 841 253	$1 205 117
Interest on debentures	2 010 000	1 005 000
Sundry revenue	25 694	
	3 876 947	2 210 117
EXPENDITURE		
Interest on Government advances	2 010 000	1 005 000
SURPLUS REVENUE OVER EXPENDITURE	1 866 947	1 205 117
DEFICIT AT THE BEGINNING	10 032 175	11 237 292
DEFICIT AT YEAR-END	$8 165 228	$10 032 175

SOCIÉTÉ DE DÉVELOPPEMENT IMMOBILIER DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — CONSTITUTION AND SCOPE OF ACTIVITY

The Société, a corporation within the meaning of the Civil Code that was founded under the Act respecting the Société de développement immobilier du Québec, is authorized to take part in operating Place Desjardins, located in Montréal. The Société was also given the task of carrying out the construction of a convention centre, known as the Palais des congrès, in that city (see Notes 3 & 5).

2 — INVESTMENT IN PLACE DESJARDINS INC.

The Société records its investment in Place Desjardins Inc. at equity value. At March 31, 1984 and 1983, the Société held 78 400 no-par-value common shares of Place Desjardins Inc. stock, representing 49 % of that company's issued and paid-up shares.

The Société share of the Place Desjardins Inc. deficit at March 31, 1984 details as follows:

Share of the deficit at March 31, 1983		$10 294 279
Share of net results for the year:		
Nine months ended December 31, 1983 (audited financial statements)	$1 884 435	
Three months ended March 31, 1984 (unaudited financial statements)	(43 182)	1 841 253
Share of deficit at March 31, 1984		$8 453 026

Series "A", 1976 debentures with a par value of $67 000 000 are subordinate debt at a fixed and increasing interest rate, at additional interest beginning January 1, 1986, becoming sinking-fund debentures whose maturity dates may be deferred as of January 1, 1986 by the Société from December 31, 1985 to December 31, 1995 or 2005. The fixed, rising interest rate is 3% annually through December 31, 1985, 4% through December 31, 1990, 5% through December 31, 1995 and 10% through December 31, 2005.

Summary financial statements of Place Desjardins Inc. for the fiscal year ended December 31:

Balance sheet
as at December 31

	1983	1982
Assets		
Current assets	$36 917 886	$27 249 964
Fixed assets	192 283 288	193 761 484
Other	749 907	1 052 377
	$229 951 081	$222 063 825
Liabilities		
Current liabilities	$10 822 994	$9 626 152
Long-term debt	192 000 000	192 000 000
Deferred income tax	28 291 034	26 157 298
	231 114 028	227 783 450
Shareholder deficiency		
Capital stock	16 000 000	16 000 000
Deficit	(17 162 947)	(21 719 625)
	(1 162 947)	(5 719 625)
	$229 951 081	$222 063 825

Operating results and deficit
for the fiscal year ended December 31

	1983	1982
Revenue		
Real estate transactions	$36 339 392	$34 611 159
Hotel operations	12 664 170	12 658 372
Interest	2 616 158	3 143 936
	51 619 720	50 413 467
Expenditure		
Operating expenses		
Real estate transactions	7 414 437	7 256 689
Hotel operations	7 793 515	7 743 971
Taxes	11 684 835	11 421 898
General and administrative expenses	6 365 131	6 616 842
Interest on long-term debt	9 709 948	11 934 366
Other financial charges	416 272	397 938
Depreciation on fixed assets	1 545 168	1 505 739
	44 929 306	46 877 443
Earnings before income tax and extraordinary item	6 690 414	3 536 024
Income tax:		
payable	4 020 000	5 403 021
deferred	2 133 736	1 214 319
	6 153 736	6 617 340
Profit (loss) before extraordinary item	536 678	(3 081 316)
Income tax reduction following loss deferral from prior years	4 020 000	5 403 021
Net profit	4 556 678	2 321 705
Deficit at the beginning	21 719 625	24 041 330
Deficit at year-end	$17 162 947	$21 719 625

SOCIÉTÉ DE DÉVELOPPEMENT IMMOBILIER DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)

at March 31, 1984

3 — CONSTRUCTION OF THE PALAIS DES CONGRÈS DE MONTRÉAL

At the end of March 1984, the Société du Palais des congrès de Montréal took over the furnishing and upkeep of the convention centre from the Société de développement immobilier du Québec acquiring all rights with respect to the Palais, including the furnishings therein, and assuming all commitments of the Société de développement immobilier relative to the Palais des congrès in Montréal.

The transaction took place for a price equivalent to the cost of construction of the Palais des congrès de Montréal recorded by the Société de développement immobilier du Québec at March 30, 1984.

Palais des congrès de Montréal construction costs may be summarized as follows:

	At March 30, 1984	At March 31, 1983
Land, materials, direct labour, subcontracts, architects' and engineers' fees	$84 139 283	$75 044 487
Furniture and equipment	5 000 172	
Interest on bonds and bank borrowings	19 224 171	11 967 736
	108 363 626	87 012 223
Government of Canada participation	24 000 000	24 000 000
	$84 363 626	$63 012 223

The transaction may be summarized as follows:

Cash payment	$54 265 778
Series "A", bonds, maturing December 8, 1991, assumed by the buyer	30 000 000
Selling price balance	97 848
	$84 363 626

4 — LONG—TERM DEBT

	1984	1983
Gouvernement du Québec advances:		
Advances under the same terms as those of the Place Desjardins Inc. debentures (see Note 2 above).	$67 000 000	$67 000 000
Series "A" bonds,	*	30 000 000
	$67 000 000	$97 000 000

* Assumed by the buyer of the Palais des congrès de Montréal.

5 — SUBSEQUENT EVENT

Certain provisions of the Act respecting the Société immobilière du Québec (S.Q., 1983, chapter 40), given assent on December 21, 1983, not in force at the time the financial statements were being prepared, call for the substitution of the Société de développement immobilière du Québec by the Société immobilière du Québec which will assume all powers, rights and obligations. The date projected for the substitution is October 1, 1984.

6 — COMPARATIVE FIGURES

Certain liability figures from the 1983 balance sheet were reclassified for purposes of the 1984 presentation.

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

R.S.Q., c. S-11.01

AUDITOR'S REPORT

I have examined the balance sheet of the Société de développement industriel du Québec at March 31, 1984 as well as the statement of revenue and expenditure, that of the reserve fund, that of change in cash position and the statement of the provision for losses on loans and capital stock participation for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31,1984 as well as its operating results and change in cash position for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, May 29, 1984

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

R.S.Q., c. S-11.01

BALANCE SHEET

as at March 31, 1984

	1984	1983 (Note 12)
ASSETS		
Loans	$90 867 171	$102 641 374
Investments - particular financial assistance programs (Note 3)	41 428 149	
Participation in the capital stock of enterprises	12 248 194	11 062 374
Guaranteed receivable (Note 4)	10 650 000	10 650 000
Interest, accrued and due	2 720 756	3 904 969
	157 914 270	128 258 717
Provision for losses on loans and capital stock participation	27 107 000	26 619 550
	130 807 270	101 639 167
Cash and short-term deposits	21 864 470	12 301 792
Contribution receivable from the Government		2 497 596
Bond issue charges — unamortized cost	76 679	109 307
	$152 748 419	$116 547 862
LIABILITIES		
Long-term debt (Note 5)	$56 600 000	$66 600 000
Claims for various forms of financial assistance	7 594 930	4 594 892
Advances from the Government (Note 6)	42 368 143	
Interest accrued and due on long-term debt	864 303	957 768
Accounts payable and accrued charges	117 697	252 337
	107 545 073	72 404 997
EQUITY		
Endowment from the Government (Note 7)	32 944 115	32 944 115
Government endowment of participation in the capital stock of a firm	445 000	445 000
Reserve fund	11 814 231	10 753 750
	45 203 346	44 142 865
	$152 748 419	$116 547 862

COMMITMENTS AND CONTINGENT LIABILITIES (Note 11)

ON BEHALF OF THE BOARD OF DIRECTORS

François LEBRUN
Serge SAUCIER

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1984

	1984	1983
REVENUE		
Interest from borrowers	$11 520 574	$11 532 151
Interest on bank deposits	2 220 919	1 891 289
Guarantee fees	147 386	212 124
Gain on disposal of capital stock of enterprises	466 198	355 533
Other		4 306
	14 355 077	13 995 403
Government contribution (Note 9)	73 525 480	58 799 487
	87 880 557	72 794 890
EXPENDITURE		
Share of the cost of firms' borrowings	51 964 763	48 430 336
Loan guarantees made good under emergency assistance to small business	8 235 513	1 884 438
Subsidies:		
Modernization program for the textile, knitwear and clothing industry	3 533 885	
Innovation program in the furniture and footwear industries	1 842 738	
Loss — application of the Act respecting assistance for tourist development	349 512	53 347
Provision for losses on loans and capital stock participation	4 719 148	9 757 315
Wages, salaries and other remuneration	5 780 175	4 919 528
Data processing	293 250	32 675
Other administrative expenses	849 135	610 223
Interest on long-term debt (Note 8)	6 897 280	10 374 942
Interest on Government advances	2 354 677	
	86 820 076	76 062 804
SURPLUS REVENUE OVER EXPENDITURE	$1 060 481	$(3 267 914)

RESERVE FUND
for the fiscal year ended March 31, 1984

	1984	1983
Balance at the beginning	$10 753 750	$14 021 664
Surplus revenue over expenditure	1 060 481	(3 267 914)
Balance at year-end	$11 814 231	$10 753 750

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

CHANGE IN CASH POSITION

for the fiscal year ended March 31, 1984

	1984	1983
		(Note 12)
SOURCE OF FUNDS		
Advances from the Government	$44 865 739	$900 466
Loans repaid	18 323 009	15 502 103
Disposal of capital stock participation	697 500	1
Increase in claims for various forms of financial assistance	3 000 038	2 818 995
Loans converted to capital stock in enterprises	30 656	6 485
	66 916 942	19 228 050
Surplus revenue over expenditure	1 060 481	(3 267 914)
Items involving no outlay of funds:		
Provision for losses on loans and capital stock participation	4 719 148	9 757 315
Net change in interest accrued and due	1 090 748	(2 419 222)
Amortization of bond issue charges	32 628	38 932
Funds from operations	6 903 005	4 109 111
	73 819 947	23 337 161
APPLICATION OF FUNDS		
Investments - financial assistance programs	41 428 149	
Disbursements on loans granted	6 925 219	10 617 548
Participation in the capital stock of enterprises	2 456 906	329 992
Long-term debt repaid	10 000 000	7 400 000
Interest on loan defaults and guarantee charges on these	2 976 151	2 287 330
Firms' capital stock acquired through conversion of loans and accrued interest	336 204	6 485
Increase (decrease) in accounts payable and accrued charges	134 640	(15 618)
	64 257 269	20 625 737
NET INCREASE IN CASH POSITION	9 562 678	2 711 424
CASH POSITION AT THE BEGINNING	12 301 792	9 590 368
CASH POSITION AT YEAR-END	$21 864 470	$12 301 792

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

PROVISION FOR LOSSES ON LOANS AND CAPITAL STOCK PARTICIPATION

for the fiscal year ended March 31, 1984

	1984	1983
Balance at the beginning	$26 619 550	$25 290 475
Less:		
Written off during the year		
Loans	3 322 909	1 330 470
Firms' capital stock	909 789	7 105 325
	4 232 698	8 435 795
	22 386 852	16 854 680
Add: Recovery on loan write-offs	1 000	7 555
Balance before provision for the year	22 387 852	16 862 235
Add: Provision for the year		
Loans	4 344 148	7 721 090
Firms' capital stock	375 000	2 036 225
	4 719 148	9 757 315
Balance at year-end	$27 107 000	$26 619 550

The provision for losses is subdivided as follows:	1984	1983
Loans	$25 135 928	$24 113 688
Capital stock participation	1 971 072	2 505 862
	$27 107 000	$26 619 550

Loans and capital stock participation by the Société whose reimbursement is guaranteed by the Goverment amount to $6 217 682 and $2 075 000 respectively at March 31, 1984 ($4 554 879 in loans at March 31, 1983).

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — CONSTITUTION AND SCOPE OF ACTIVITY

A corporation within the meaning of the Civil Code founded under a special Act, the Société de développement industriel du Québec (S.D.I.) is charged with the responsibility of administering financial assistance programs aimed at speeding Québec's economic development, especially by promoting the growth of firms relying on dynamic technological developments, an increase in exports as well as research and industrial innovation and the development of the tourist industry, all the while ensuring that aid granted proves of significant economic benefit to Québec, particularly in the area of job creation.

The S.D.I. is a non-profit entity given the mandate by the Government of administering the financial aid programs to stimulate the economic and industrial development of the Province.

2 — ACCOUNTING POLICIES

The financial statements of the Société make use of the accrual method of accounting and the particular accounting practices below.

Participation in the capital stock of enterprises

Financial assistance taking the form of share acquisitions by the Société is shown under the item "Participation in the capital stock of enterprises" on the balance sheet. To the extent the S.D.I. estimates it will be unable to recover aid granted under this form, the anticipated loss is charged to expenditure through the provision for losses on loans and capital stock participation.

Provision for losses on loans and capital stock participation

The provision for loan losses is established on the basis of an evaluation of each account presenting collection problems and an estimated rate of contingent losses for the others. With respect to capital investment in enterprises, the provision is determined following an evaluation of each account.

3 — INVESTMENTS - PARTICULAR FINANCIAL ASSISTANCE PROGRAMS

These investments take the form of unsecured loans, interest-free loans payable in fifteen years or the acquisition of non voting and non participating shares in the capital stock of enterprises. Sums required for such investments are paid from appropriations voted by the National Assembly and revenue derived from this financial assistance is remitted to the Government which assumes all losses.

	Loans to innovative small business	Interest-free 15-year loans	Non participating & non voting shares	Total
Amount at April 1, 1983 transferred from the Government	$44 139 001			$44 139 001
Outlays for the year	2 024 700	$35 500	$60 000	2 120 200
	46 163 701	35 500	60 000	46 259 201
Repaid or exempt from reimbursement	5 591 047			5 591 047
	40 572 654	35 500	60 000	40 668 154
Interest accrued and due	759 995			759 995
Balance at March 31, 1984	$41 332 649	$35 500	$60 000	$41 428 149

No provision is made for losses on Société books where these are assumed by the Government and result from the application of financial assistance programs under other acts.

Assuming part of the cost of firms' borrowings and subsidies

Expenses involved in assuming part of the cost of borrowings by enterprises which at March 31st have filed their claims and met all conditions the Société sets are charged to operations for the year as are subsidies and the corresponding contribution is deemed receivable from the Government.

Bond issue charges

The cost of issuing bonds is amortized according to the straight-line method over the entire period of the debt.

Administrative expenses assumed by the Government

Administrative expenses of the Société that the Government assumes are paid out of appropriations voted for this purpose by the National Assembly.

The cost of fringe benefits to Société employees and support services such as telephone, office space, etc., paid from appropriations of the various departments concerned, are not shown on the statement of revenue and expenditure.

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

4 — GUARANTEED RECEIVABLE

This guaranteed receivable is the result of sales and payment agreements reached July 21, 1981 with the main shareholder of an industrial firm in which the S.D.I. had a 40 % interest.

Notwithstanding clauses stipulating that S.D.I. participation in the capital stock of this enterprise took the form of an amount of $3 600 000, compounded annually at the banks' daily prime rate in effect as of July 30, 1981 which would yield a total of $10 650 000 upon maturity, the Société estimates that it will be able to recover the initial aid granted to that firm without sustaining a loss, nor experiencing a gain.

This debt of $10 650 000, guaranteed by a chartered bank and recorded on the books at its maturity value, will be converted into cash between 1987 and 1989, depending on the rate at which interest accumulates.

At March 31, 1983, the current value of this item receivable is $5 189 383, which includes the sale price of $3 600 000 and $1 589 383 in accrued interest.

5 — LONG-TERM DEBT

The payment of capital and interest on bonds is guaranteed by the Government.

	1984	1983
Series "A" bonds maturing March 24, 1991, bearing an annual floating interest rate equal to 3/8 of 1 % below the average prime rate of three chartered banks, payable semi-annually on March 24th and September 24th (a).	$35 000 000	$45 000 000
Series "B" bonds, maturing December 1, 1986 and bearing an annual floating interest rate equal to 1/4 of 1 % below the average prime rate of three chartered banks, payable semi-annually on June first and December first (b)	21 600 000	21 600 000
	$56 600 000	$66 600 000

(a) The Société has the option of redeeming all bonds of this issue at their face value on any date of interest payment, upon at least thirty days' notice, for an overall redemption of $5 million or any multiple of that amount.

(b) The Société has the option of redeeming all bonds of this issue at their face value on any date of interest payment, upon at least thirty days' notice, for an overall redemption of $2.4 million or any multiple of that amount.

6 — ADVANCES FROM THE GOVERNMENT

The advances serve to fund the following:

Particular programs of financial assistance	
Loans — PME Innovatrice	$40 572 654
Interest-free loans, non participating and non voting shares	95 500
Interest accrued and due	759 995
	41 428 149
Other accounts receivable	939 994
	$42 368 143

Payments of capital and interest by firms to the Société are cashed and turned over to the Government.

7 — ENDOWMENT FROM THE GOVERNMENT

The Minister of Finance is authorized to pay an amount of one hundred million dollars from the Consolidated Revenue Fund to the Société as endowment. $32 944 115 was paid at March 31, 1983 and 1984.

8 — INTEREST ON LONG-TERM DEBT

	1984	1983
Bond interest	$6 861 652	$10 336 010
Amortization of bond issue charges	32 628	38 932
Other financial charges	3 000	
	$6 897 280	$10 374 942

9 — CONTRIBUTION FROM THE GOVERNMENT

The Government's contribution serves to offset the following expenditures:

	1984	1983
Financial assistance to business:		
Assuming part of the cost of firms' borrowings	$51 964 763	$48 430 336
Subsidies:		
Modernization program for the textile, knitwear and clothing industry	3 533 885	
Innovation program in the furniture and footwear industries	1 842 738	
Reimbursement under loan guarantees	8 235 513	1 826 725
Application of the Act respecting assistance for tourist development	588 069	487 855
Compensation to lenders for below-market rates	331 463	204 965
Administrative expenses:		
Wages, salaries and other remuneration	5 780 175	4 919 528
Data processing	293 250	32 675
Other	849 135	604 873
Interest on long-term debt	106 489	2 292 530
	$73 525 480	$58 799 487

10 — FINANCIAL ASSISTANCE PROGRAMS TRANSFERRED

During the fiscal year, the Government transferred responsibility to the Société for administering the following financial assistance programs:

— The program to promote the expansion of innovative manufacturing firms (PME Innovatrice);

— the program aimed at stimulating innovation in the furniture industry;

— the program aimed at stimulating innovation in the footwear industry;

— the modernization program for the textile, knitwear and clothing industry.

With respect to the first program, financial aid in the form of unsecured loans with possibility of partial exemption from reimbursement amounted to $44 139 001 at April 1, 1983 included under the item "Investments - Particular programs of financial assistance" on the balance sheet.

The other programs are subsidy payments which amount to $5 376 623 for this year, shown as expenditure with corresponding revenue as part of the contribution from the Government (Note 9).

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)

11 — COMMITMENTS AND CONTINGENT LIABILITIES

— Amounts authorized yet undisbursed at March 31, 1984 for loans come to $32 214 462 ($12 683 383 at March 31, 1983) and for participation in the capital stock of enterprises, to $1 540 333 ($3 503 617 at March 31, 1983).

— Under terms set by the Société, debt forgiveness on loans at March 31, 1984 is estimated to come to approximately $4 152 000 ($1 183 500 at March 31, 1983). The Société will be reimbursed by the Government for loans so forgiven from appropriations the National Assembly votes for this purpose.

— Commitments to assume part of the cost of firms' borrowings, subsidies and investments under particular programs of financial assistance are made under certain conditions. The Government will reimburse the Société for payments made to honour these from appropriations voted for this purpose by the National Assembly. At March 31, 1984 related commitments over the coming years detail as follows:

Fiscal year	Borrowings assumed	Subsidies	Investments-particular aid programs
1985	$126 506 804	$10 373 207	$6 503 078
1986	56 492 746	1 318 343	2 767 815
1987	32 705 997		2 658 275
1988	19 994 399		2481 825
1989 and thereafter	7 507 310		2 005 050
	$243 207 256	$11 691 550	$16 416 043

— The Société has guaranteed firms' borrowings in the amount of $8 604 220 ($10 732 063 at March 31, 1983).

— Loans guaranteed under legislation other than the Société's founding Act for which the Government assumes any losses amount to $10 503 589 ($8 406 016 at March 31, 1983).

— Under the program of emergency assistance to small and medium-sized business, the Société guarantees the lending institution the repayment of up to $^{2}/_{3}$ the capital balance of a loan and $^{1}/_{3}$ of the interest and other charges. At March 31, 1984 guarantees on capital amounted to $79 013 300 ($39 930 723 at March 31, 1983). Contingent losses will be assumed by the Government.

— Legal and extrajudicial proceedings involving the Société are presently under way. The Société considers that their outcome will have no significant impact on its financial position or operating results.

12 — NEW PRESENTATION

The Société adopted a new presentation of its financial statements as of this fiscal year; 1983 figures have been reclassified for purposes of comparison.

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

R.S.Q., c. S-12.01

AUDITOR'S REPORT

I have examined the balance sheet of the Société de la Place des Arts de Montréal at August 31, 1983 as well as the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at August 31,1983 as well as its operating results for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Robert NOËL, C.A.
Assistant Auditor-General
(on behalf of the Auditor-General)

Québec, January 12, 1984

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

R.S.Q., c. S-12.1

BALANCE SHEET

as at August 31, 1983

	1983	1982 (Note 3)
ASSETS		
OPERATING FUND		
Cash		$103 872
Accounts receivable	$85 037	240 843
Subsidy receivable (Note 4)	2 165 280	2 240 224
Due from the Fixed Assets Fund	371 268	1 188 862
Inventories and prepaid expenses	123 037	114 222
	$2 744 622	$3 888 023
FIXED ASSETS FUND		
Cash		$3 871
Subsidy receivable (Note 4)		569 590
		573 461
Fixed assets (Note 5)	$48 814 601	48 814 601
Major repairs under way (Note 6)	2 617 475	675 361
	$51 432 076	$50 063 423
LIABILITIES		
OPERATING FUND		
Bank indebtedness	$470 000	$500 000
Demand note — Opéra de Montréal (1980) inc.	450 000	1 300 000
Outstanding cheques less cash on hand	40 774	
Accounts payable and accrued charges	691 529	1 022 808
Ticket outlets — rental and sales	1 092 319	975 450
Provision for special projects		89 765
	$2 744 622	$3 888 023
FIXED ASSETS FUND		
Bank overdraft	$1 865 000	
Outstanding cheques less cash on hand	19 531	
Accounts payable and accrued charges	352 219	$59 960
Owed to Operating Fund	371 268	1 188 862
	2 608 018	1 248 822
Long-term debt (Note 7)	38 773 000	39 021 000
Fund balance (Note 8)	10 051 058	9 793 601
	$51 432 076	$50 063 423

ON BEHALF OF THE SOCIÉTÉ

Guy JORON, President
Alan B. GOLD, Vice-president

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

OPERATING FUND

REVENUE AND EXPENDITURE
for the fiscal year ended August 31, 1983

	1983	1982 (Note 3)
REVENUE		
Rent	$2 044 178	$2 030 315
Ticket sales	566 820	410 933
Ancillary services	1 969 912	1 919 520
Cultural animation	147 490	230 036
Other	409 924	432 274
	5 138 324	5 023 078
EXPENDITURE		
Administrative services	3 141 084	3 215 913
Support services	3 794 997	3 397 234
Ancillary services	1 309 914	1 311 430
Cultural animation	393 765	494 934
Other		321 623
	8 639 760	8 741 134
SURPLUS EXPENDITURE OVER REVENUE BEFORE DEBT SERVICING	3 501 436	3 718 056
Debt servicing (Note 9)	4 401 888	4 414 493
SURPLUS EXPENDITURE OVER REVENUE FOR THE YEAR CHARGED AGAINST SUBSIDY RECEIVABLE (Note 4)	$7 903 324	$8 132 549

NOTES TO FINANCIAL STATEMENTS

at August 31, 1983

1 — CONSTITUTION AND SCOPE OF ACTIVITY

A corporation within the meaning of the Civil Code and founded by a special Act, the Société de la Place des Arts de Montréal has been made responsible for administering Place des Arts in Montréal and authorized to produce and present shows.

2 — ACCOUNTING POLICIES

The financial statements of the Régie were prepared by management, given the framework and relative importance of accounting practice summarized as follows:

Inventories

Inventories are recorded at cost.

Fixed assets

The Place des Arts building complex houses three auditoriums and a theatre workshop.

Land

The Place des Arts site is recorded at cost.

Buildings, equipment, furnishings and works of art

The amount entered on the books for buildings, equipment, furnishings and works of art includes the construction cost of buildings and the acquisition cost of original furnishing items for those buildings as well as interim financing charges during construction.

No depreciation is charged on buildings, equipment, furnishings and works of art that have been capitalized.

Major repairs under way

The cost of major repairs is charged to the Fixed Assets Fund. Upon completion of work, that part of the cost which may be charged to operations will be recorded as Operating Fund deferred charges and amortized according to the reimbursement schedule of long-term debt, with the balance posted to fixed assets.

Ticket sales

Revenue from the sale of tickets is recorded on a cash basis.

Furnishings and equipment

The acquisition of furnishings and equipment is posted to Operating Fund expenditure.

Interest on long-term debt

Service charges on long-term debt are entered on a cash basis.

3 — ACCOUNTING CHANGE

The Société retroactively revised its accounting of major repairs. Previously charged to Operating Fund expenditure, that cost is now posted to the Fixed Assets Fund.

The effect of the change was to reduce surplus expenditure over revenue for the year ended September 1, 1982 charged against subsidy receivable by $675 361. Comparative figures for 1982 were correspondingly adjusted.

4 — SUBSIDY RECEIVABLE

Under the provisions of the Act governing the Société, the Government assumes all surplus expenditure over revenue.

	1983	1982
Balance at the beginning		
Balance carried forward	$3 485 175	$2 368 514
Adjustment (Note 3)	(675 361)	
Adjusted balance	2 809 814	2 368 514
Surplus expenditure over revenue for the year	7 903 324	8 132 549
Debt redeemed from the proceeds of bonds issued December 14, 1982 ($569 590 charged to expenditure for 1982)	(1 104 901)	
Surplus from the aforementioned bond issue	(10 245)	
Contribution to sinking fund less that redeemed during the year	8 500	
Payments	(7 441 212)	(7 691 249)
Balance at year-end	$2 165 280	$2 809 814
Broken down as follows:		
Operating Fund	$2 165 280	$2 240 224
Fixed Assets Fund		569 590
	$2 165 280	$2 809 814

5 — FIXED ASSETS

	1983	1982
Land	$6 948 642	$6 948 642
Buildings, equipment, furnishings and works of art	41 865 959	41 865 959
	$48 814 601	$48 814 601

6 — MAJOR REPAIRS UNDER WAY

The Government has authorized the Société to make certain expenditures for the renewal and upgrading of stage equipment as well as for the upkeep and refurbishing of its facilities. The work, which is estimated to cost $9 400 000, will be scheduled over a period of three years. Long-term financing has not been finalized.

NOTES TO FINANCIAL STATEMENTS (cont'd)
at August 31, 1983

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7 — LONG-TERM DEBT

	1983	1982
Bonds		
Issued April 15, 1965 — $20 million of sinking fund bonds at $5^{3}/_{4}$%, maturing April 15, 2005	$14 302 000	$14 977 000
Issued June 1, 1966 — $13 million of bonds, in series at 6% and $6^{1}/_{4}$%, maturing between 1967 and 1991	2 239 000	2 452 000
$6^{1}/_{4}$% sinking fund bonds as of June 1, 1992, maturing June 1, 2006	8 392 000	8 392 000
	10 631 000	10 844 000
Issued November 6, 1980 — $13 700 000 of bonds in series at $12^{1}/_{2}$% and 13%, maturing between 1981 and 1990	8 700 000	9 200 000
$13^{1}/_{2}$% sinking fund bonds as of November 6, 1986, maturing November 6, 2000	4 000 000	4 000 000
	12 700 000	13 200 000
Issued December 14, 1982 — $1 140 000 of bonds in series at $11^{1}/_{2}$% and 12%, maturing from 1983 to 1985	1 140 000	
	$38 773 000	$39 021 000

Capital payments to be made over the next five years under the terms of debt redemption and sinking fund requirements detail as follows:

1983-1984	$1 502 000
1984-1985	1 478 000
1985-1986	5 775 000
1986-1987	814 000
1987-1988	856 000

8 — FIXED ASSETS FUND BALANCE

	1983	1982
Balance at the beginning	$9 793 601	$8 471 294
Long-term bonded debt redemption	1 388 000	1 241 000
Special subsidy from the Government for capital spending		81 307
Sinking fund cash recorded	9 457	
	11 191 058	9 793 601
Bonds issued to finance the redemption of matured bonds, cashed by the Operating Fund	1 140 000	
Balance at year-end	$10 051 058	$9 793 601

9 — DEBT SERVICING

	1983	1982
Interest on bonds	$3 306 077	$3 344 790
Bond redemption	1 388 000	1 241 000
Interest on short-term financing	35 311	33 903
Gain on early redemption of sinking fund bonds	(327 500)	(205 200)
	$4 401 888	$4 414 493

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

R.S.Q., c. S-12

AUDITOR'S REPORT

I have examined the consolidated balance sheet of the Société de récupération, d'exploitation et de développement forestiers — REXFOR, at March 31, 1984 as well as the consolidated statement of operating results, retained earnings and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing principles and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1984 as well as its operating results and change in financial position for the fiscal year then ended, according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, June 1, 1984

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

R.S.Q., c. S-12

CONSOLIDATED BALANCE SHEET

as at March 31, 1984

	1984	1983
		(Note 16)
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$1 532 553	$13 561 328
Accounts receivable and accrued interest	17 188 128	7 421 954
Subsidies receivable	213 639	279 097
Inventories (Note 5)	20 627 125	14 096 296
Prepaid expenses	856 880	578 457
Payments receivable on investments (Note 6)	1 178 060	1 061 000
	41 596 385	36 998 132
SUBSIDIES RECEIVABLE	163 658	
INVESTMENTS (Note 6)	39 364 282	34 502 557
FIXED ASSETS (Note 7)	34 415 598	31 972 682
OTHER ASSETS (Note 8)	4 360 512	3 400 015
	$119 900 435	$106 873 386
LIABILITIES		
CURRENT LIABILITES		
Bank advances (Note 9)	$9 949 354	$8 127 641
Accounts payable and accrued charges	10 506 140	7 465 839
Deferred revenue	99 638	56 722
Instalments on long-term debt (Note 10)	1 317 056	1 193 122
	21 872 188	16 843 324
LONG-TERM DEBT (Note 10)	29 814 121	16 826 284
	51 686 309	33 669 608
SHAREHOLDER EQUITY		
CAPITAL STOCK		
Authorized, issued and paid-up: 587 500 shares at $100 par value	58 750 000	58 750 000
CONTRIBUTED SURPLUS (Note 11)	4 926 567	4 926 567
RETAINED EARNINGS	4 537 559	8 182 339
APPRAISED WORTH OF A SUBSIDIARY'S FIXED ASSETS OVER NET COST, DEPRECIATED		1 344 872
	68 214 126	73 203 778
	$119 900 435	$106 873 386

COMMITMENTS AND CONTINGENT LIABILITIES (Note 15)

ON BEHALF OF THE BOARD OF DIRECTORS

Michel DUCHESNEAU
Jean-Louis VERRETTE

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

CONSOLIDATED STATEMENT OF OPERATING RESULTS

for the fiscal year ended March 31, 1984

	1984	1983 (Note 16)
OPERATING REVENUE	$85 655 428	$50 230 314
OPERATING COST	79 487 658	48 705 486
GROSS PROFIT	6 167 770	1 524 828
GENERAL AND ADMINISTRATIVE EXPENSES		
Sales and administration	10 561 571	9 338 137
Financial charges (Note 12)	2 678 856	3 084 827
	13 240 427	12 422 964
OPERATING LOSS	7 072 657	10 898 136
OTHER REVENUE		
Investment earnings (Note 13)	1 370 150	5 633 095
Sundry revenue	712 855	542 476
	2 083 005	6 175 571
NET LOSS	$4 989 652	$4 722 565

CONSOLIDATED RETAINED EARNINGS

for the fiscal year ended March 31, 1984

	1984	1983 (Note 16)
BALANCE AT THE BEGINNING		
Balance carried forward	$7 985 624	$12 836 353
Adjustment: Capitalization of software development costs (Note 16)	196 715	
Adjusted balance	8 182 339	12 836 353
Amortized difference between the appraised worth of fixed assets over their net cost:		
Transfer of part corresponding to depreciation for the year	50 817	68 551
Realization of amortized difference following disposal	1 294 055	
	9 527 211	12 904 904
Net loss	4 989 652	4 722 565
RETAINED EARNINGS AT YEAR-END	$4 537 559	$8 182 339

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1984

	1984	1983
		(note 16)
SOURCE OF FUNDS		
Funds from operations (Note 14)	$559 169	
Long-term debt:		
Advances from the Government	3 700 000	$1 000 000
Other	11 378 245	3 129 656
Investment earnings — agreement with Les Industries I.T.T. du Canada Ltée		7 210 000
Investment earnings	3 487 107	796 285
Surplus revenue from share in a partnership	475 219	
Subsidies for the acquisition of fixed assets	213 639	279 097
Proceeds upon disposal of fixed assets	887 665	68 693
Other assets	211 524	117 938
	20 912 568	12 601 669
APPLICATION OF FUNDS		
Funds used for operations (Note 14)		3 279 084
Investment acquisitions	10 814 907	9 757 128
Long-term debt:		
Advances from the Government		5 320 000
Other	3 890 408	1 350 511
Acquisition of fixed assets	4 583 337	2 339 794
Other assets	1 317 895	1 756 193
Acquisition of a subsidiary (after subtracting its working capital of $63 368)	736 632	
	21 343 179	23 802 710
DECREASE IN WORKING CAPITAL	430 611	11 201 041
WORKING CAPITAL AT THE BEGINNING	20 154 808	31 355 849
WORKING CAPITAL AT YEAR-END	$19 724 197	$20 154 808

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

NOTES TO FINANCIAL STATEMENTS

at March 31, 1984

1 — CONSTITUTION AND SCOPE OF ACTIVITY

The Société de récupération, d'exploitation et de développement forestiers du Québec — REXFOR, is a joint-stock company whose shares are entirely held by the Government. Under its founding Act, REXFOR is responsible for:

- forestry and salvage operations in areas of the public domain that the Government allots to it and seeing to the research work required in connection with this;
- forestry conservation and protection on land designated for its use by the Government;
- promoting the development of the forest industry and job creation in that sector.

2 — MAJOR ACCOUNTING POLICIES

The consolidated financial statements of the Société were prepared according to generally accepted accounting principles, within the bounds of accounting practice summarized as follows:

Consolidation

The consolidated financial statements include the accounts of REXFOR and its wholly-owned subsidiaries, as well as its share of the assets, liabilities, revenue and expenditure of joint ventures:

Wholly-owned subsidiaries

Scierie Béarn Inc. and its subsidiary Proforêt Inc.
Les Produits forestiers Bellerive-Ka'N'Enda Inc.
Énerbois Inc.
Gestion 1195 Inc.
Les Entreprises Matabois Ltée
Les Bois de l'Est du Québec Inc.

Affiliated company:

Lignarex Inc. (77 % interest)

Joint ventures:

Scierie des Outardes Enr.
Scierie Grand Remous Enr.

Inventories

Lumber, supplies and fuel are reacorded using the FIFO method at the lesser of cost and replacement or net realization value.

Cost includes raw materials, direct labour and general processing charges less the net realization value of any by-products.

Investments

The partnership share and participation in companies subject to significant influence are recorded at equity value.

Others are recorded at cost price less any loss in value of a permanent nature. The provision for contingent losses on loans and advances is established on a case-by-case basis.

Fixed assets

Fixed assets are recorded at cost of acquisition. The cost of fixed assets REXFOR has built for its own use includes materials, direct labour as well as a share of general expenses and financial charges during construction. Subsidies toward the acquisition of fixed assets are deducted in determining cost.

Depreciation is charged according to the straight-line method over the estimated service life of an asset at the following annual rates. During the temporary shut-down of mills or forestry operations, capital assets directly related to production are not depreciated.

	Rate
Land development	$2\frac{1}{2}$ % to 10 %
*Logging roads	10 % to $33\frac{1}{3}$ %
Buildings and camps	$2\frac{1}{2}$ % to $33\frac{1}{3}$ %
Equipment and machinery	$6\frac{2}{3}$ % to 20 %
Data-processing equipment	20 %
Rolling-stock	10 % to $33\frac{1}{3}$ %

* Certain subsidiaries charge depreciation on logging roads according to the volume of wood cut during the year in relation to the total amount to be cut.

Other assets

Start-up and software development costs are amortized at the rate of 20 % on a straight-line basis. The cost of preliminary studies for various projects is deferred, to be later charged to operations or capitalized, depending on their results.

The difference between the purchase price of shares over the net book value of the assets acquired is charged as depreciation expense during a 20-year period.

Foreign currency

Asset and liability items in foreign currency are translated into Canadian dollars at the rate in effect on the date of the balance sheet. Gains and losses on currency conversion are charged to operations for the year.

3 — ACQUISITION OF "LES ENTREPRISES MATABOIS LTÉE"

On January 13, 1984, the REXFOR Group became owner of "Les Entreprises Matabois Ltée" by acquiring 55 % of the outstanding shares in consideration for a cash payment of $800 000. This participation has been recorded as a straightforward purchase. The acquisition details as follows:

Net book value of asset acquired:	
Asset acquired	$2 429 147
Liability assumed	2 095 713
	333 434
Difference between purchase price over net book value	466 566
Purchase price of shares	$800 000

The net book value proves to be fairly close to the true worth of that acquired.

4 — EQUITY IN JOINT VENTURES

At March 31, 1984 the REXFOR share of assets, liabilities, revenue and expenditure of the joint ventures Scierie des Outardes Enr. and Scierie Grand Remous Enr. (Scierie des Outardes Enr., Scierie Grand Remous Enr. and Lignarex Inc. at March 31, 1983), recorded on the equity basis, breaks down as follows:

	1984	1983
Assets	$24 648 180	$16 508 062
Liabilities	19 114 097	11 219 636
Revenue	17 850 057	7 022 081
Expenditure	21 105 431	11 036 095

5 — INVENTORIES

	1984	1983
Wood chips	$10 459 787	$6 513 921
Lumber	6 765 765	4 235 959
Other wood	1 892 378	2 020 241
Supplies and fuel	1 509 195	1 326 175
	$20 627 125	$14 096 296

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

6 — INVESTMENTS

	1984	1983
At equity value:		
Limited partnership	$3 000 000	$3 000 000
Share of retained earnings since acquisition	957 079	1 432 298
	3 957 079	4 432 298
Participation in companies subject to singificant influence	3 435 002	2 625 155
Share of cumulative losses since acquisition	(3 435 001)	(1 390 305)
	1	1 234 850
	3 957 080	5 667 148
At cost of acquisition:		
Common shares*	6 880 203	1 408 528
Preferred shares	1 266 771	1 626 771
Mortgage loans	660 437	561 420
Bonds	14 496 199	8 522 500
Loans and advances**		
bearing interest	8 338 838	16 647 366
interest-free	5 000 000	1 300 000
Other	39 586	39 586
	36 682 034	30 106 171
Instalments receivable within a year	1 178 060	1 061 000
	35 503 974	29 045 171
Provision for contingent losses on loans and advances	96 772	209 762
	35 407 202	28 835 409
	$39 364 282	$34 502 557

* Of this amount, $4 930 203 represents listed shares with a market value of $6 214 140 at March 31, 1984.

** Government guarantees on these loans and advances amount to $2.1 million ($4.3 million at March 31, 1983).

7 — FIXED ASSETS

	1984			1983
	Cost	Accumulated Depreciation	Net Value	Net Value
Land and development	$1 673 069	$93 510	$1 579 559	$1 370 067
Logging roads	4 616 579	1 220 929	3 395 650	2 174 097
Buildings,	14 780 157	3 733 693	11 046 464	9 926 404
Machinery and equipment	28 104 659	9 030 522	19 074 137	17 550 271
Data-processing equipment	600 534	131 616	468 918	
Rolling-stock	7 019 566	4 516 089	2 503 477	3 187 959
	56 794 564	18 726 359	38 068 205	34 208 798
Government subsidies	4 636 168	983 561	3 652 607	3 580 988
	52 158 396	17 742 798	34 415 598	30 627 810
Appraised value of a subsidiary's fixed assets over net cost				1 344 872
	$52 158 396	$17 742 798	$34 415 598	$31 972 682

Since some mills or forestry divisions only operated during part of the year, depreciation was charged on their fixed assets serving directly in production, that is, part of buildings, logging camps, machinery, equipment and rolling-stock totaling $18 440 000, over the period in actual use.

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

NOTES TO FINANCIAL STATEMENTS (cont'd)

at March 31, 1984

8 — OTHER ASSETS

	1984	1983 (Note 16)
Difference in purchase price of shares over the net book value of asset acquired, depreciated	$460 734	
Start-up costs, amortized	676 140	$1 170 196
Cost of preliminary studies for investment projects*	2 284 025	1 669 757
Land, buildings, machinery and equipment for resale, at realization value	97 575	319 000
Software development costs, amortized	660 250	196 715
Other	181 788	44 348
	$4 380 512	$3 400 015

* The Government made a commitment to reimburse REXFOR for up to $2.5 million in the event of abandonment or withdrawal from one of these projects.

9 — BANK INDEBTEDNESS

Accounts receivable and inventories are put up as collateral for certain bank advances.

10 — LONG-TERM DEBT

	1984	1983
REXFOR:		
Advances from the Government:		
- Interest-free financing for the agreement reached August 7, 1971 with Les Industries I.T.T. du Canada Ltée, payable between 1997 and 2000: Balance of $13 680 000 in advances, current value at 11.5 % annually	$2 670 822	$2 395 356
- Interest free (Re: Nacouveler Inc.), to be repaid over 10 years starting the seventh year following payment of the advance, first instalment due in 1988	5 000 000	1 300 000
Scierie Béarn inc.:		
- Fiducie du Québec mortgage notes, bearing interest at 9¼%, to be repaid in annual instalments of $155 000, due in 1987	465 000	620 000
Gestion 1195 inc.:		
- Mortgage loans at 11¾%, payable in montly instalments of $22 359 including capital and interest, due September 1, 1990	2 137 825	2 159 496
Énerbois Inc.:		
- Banker's acceptance, at 11,06%, payable in minimum annual instalments of $300 000 over ten years, due in 1986	1 700 000	2 000 000
Les Produits Forestiers Bellerive-Ka'N'Enda Inc.:		
- Term loan, at a variable rate of interest, payable by montly instalments beginning September 1, 1984, secured by a first mortgage due in 1993	2 000 000	2 000 000
Scierie des Outardes Enr.:		
- Bank loans, at variable rates, payable by montly instalments of $70 560 beginning April 1985, due in 1993	7 200 000	
Scierie Grand Remous Enr.:		
- Term loan, variable rate, payable by quarterly instalments of $150 000 beginning November 1984, due in 1991	3 600 000	2 400 000
Les Entreprises Matabois Ltée.:		
- Loan secured by a first mortgage and a commercial lien, at 1% over prime, no payment terms	1 800 000	
Les Bois de l'Est du Québec Inc.:		
- Demand loan, at prime	3 000 000	
Proforêt Inc.:		
- Mortgage bond		1 743 750
- Bank loan		2 056 250
Other	1 557 530	1 344 554
	31 131 177	18 019 406
Instalments due within a year	1 317 056	1 193 122
	$29 814 121	$16 826 284

Certain assets are put up as collateral for bank indebtedness.

Capital instalments due over the next five fiscal years detail as follows: 1984-1985 — $1 317 056, 1985-1986 — $2 509 608, 1986-1987 — $2 505 510, 1987-1988 — $2 036 554, 1988-1989 — $2 069 239.

11 — CONTRIBUTED SURPLUS

The contributed surplus mainly represents the forgiveness on June 20, 1983 of Government advances.

12 — FINANCIAL CHARGES

	1984	1983
Interest on long-term debt	$1 785 452	$1 791 294
Other interest	893 404	1 293 533
	$2 678 856	$3 084 827

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC — REXFOR

NOTES TO FINANCIAL STATEMENTS (cont'd)

at March 31, 1984

13 — INVESTMENTS EARNINGS

	1984	1983
Interest on term deposits	$698 592	$2 931 522
Interest on loans, bonds and advances	2 018 287	2 368 069
Share in the operating results of a partnership and companies subject to significant influence	(1 335 595)	367 740
	1 381 284	5 667 331
Increase in the provision for contingent losses on loans and advances	11 134	34 236
	$1 370 150	$5 633 095

14 — FUNDS FROM OPERATIONS

	1984	1983
		(Note 16)
Net loss	$(4 989 652)	$(4 722 565)
Items not affecting working capital:		
Share in the losses of companies subject to significant influence	2 221 886	760 280
Partnership revenue in excess of cash flow		(187 565)
Depreciation on fixed assets	3 473 286	2 101 781
Depreciation on other assets	514 608	394 450
Amortization of bond discount charges	(221 497)	
Write off, other assets		240 650
Transfer of deferred revenue — subsidy		(87 119)
Loss (gain) on disposal of fixed assets	(14 615)	5 855
Increase in the provision for contingent investment losses	11 134	19 236
Revenue capitalized to investments	(435 981)	(1 804 087)
Funds generated (absorbed) by operations	$559 169	$(3 279 084)

15 — COMMITMENTS AND CONTINGENT LIABILITIES

— Under the terms of agreements, REXFOR acted as surety for a subsidiary's commitments on behalf of Panneaux de la Vallée Inc., an affiliate partly-owned (40%) by the subsidiary, as follows:

(a) to supply and deliver wood and fuel on a yearly basis of sufficient quality and quantity to allow for smooth mill operations;

(b) to make up for 40 % of the operating deficit for the fiscal years ending June 30, 1984, 1985 and 1986 by subscribing additional capital or providing loans or advances. The operating deficit described in the surety agreement as being the total of funds absorbed by operations plus current payments on long-term debt, amounted to $6.9 million at March 10, 1984 according to Panneaux de la Vallée Inc. interim financial statements. REXFOR also agreed to act as surety for a similar commitment made by the other partner with respect to its 60 % participation in Panneaux de la Vallée Inc.

— REXFOR and one of its subsidiaries are being jointly sued for the amount fo $1.5 million with respect to the withdrawal of its purchase offer for the assets of a group of firms.

— REXFOR has received a legal claim of $1.4 million from a contractor for cleanup of the rivière Outardes II.

16 — RETROACTIVE ADJUSTMENT

The consolidated financial statements for the year ended March 31, 1983 were adjusted to reflect the capitalization of net software development costs incurred during fiscal 1982-1983.

The effect of the adjustment was to increase other assets and retained earnings by $196 715 and correspondingly reduce administrative expenses and net loss.

Comparative figures for 1983 have been adjusted accordingly.

17 — TRANSACTIONS AMONG AFFILIATES

In the normal course of operations during the year, REXFOR had transactions with certain firms in which its investment is recorded at equity value. Sales totaled about $8 million and other revenue $300 000. Accounts payable and accrued charges include $2 800 000 owed to these enterprises at March 31, 1984.

18 — COMPARATIVE FIGURES

Certain 1983 data were reclassified for purposes of the 1984 presentation.

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

R.S.Q., c. S-13

AUDITORS' REPORT

Mr. Jacques Parizeau
Minister of Finance
Shareholder of the Société des alcools du Québec:

We have examined the statement of operating results, that of retained earnings and that of change in financial position of the Société des alcools du Québec for the 53-week fiscal year ended March 31, 1984, as well as the balance sheet at that date, having obtained all information and explanations sought. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

Given the information and explanations provided to us and that shown on the books of the Société des alcools du Québec, these statements, in our opinion, accurately present the operating results and change in financial position of the corporation for the 53-week fiscal year ended March 31, 1984 as well as its financial situation on that date according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

MAHEUX NOISEUX
Chartered Accountants

Montréal, April 20, 1984

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

R.S.Q., c. S-13

BALANCE SHEET

as at March 31, 1984
($ THOUSANDS)

	1984	1983
ASSETS		
CURRENT ASSETS		
Cash	7 692	4 186
Accountants receivable	6 671	6 355
Inventories, at the lesser of cost and net realization value	74 067	99 246
Expenses chargeable to next fiscal year	4 468	4 172
	92 898	113 959
FIXED ASSETS (Note 3)	47 960	48 097
ASSETS RENTED UNDER CAPITAL LEASE CONTRACTS (Note 4)	13 735	14 199
	154 593	176 255
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	39 493	32 511
Term note	9 200	19 500
Borrowings on financial markets		23 200
Dividends payable	40 000	32 400
	88 693	107 611
PROVISION FOR ACCUMULATED SICKLEAVE	8 600	7 900
COMMITMENTS UNDER CAPITAL LEASE CONTRACTS (Note 5)	15 687	15 971
	112 980	131 482
SHAREHOLDER EQUITY		
CAPITAL STOCK		
Authorized:		
300 000 shares, $100 par value		
Issued and paid-up:		
300 000 shares	30 000	30 000
Retained earnings	9 613	12 773
Reserve for uninsured risks	2 000	2 000
	41 613	44 773
	154 593	176 255

ON BEHALF OF THE BOARD OF DIRECTORS

Marcel LAROCQUE, director
Marcel BELLEHUMEUR, director

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

OPERATING RESULTS

for the 53-week fiscal year ended March 31, 1984
($ THOUSANDS)

	1984	1983
SALES	843 381	787 039
OPERATING EXPENSES		
Cost of merchandise sold	372 936	348 507
Sales and promotion	79 128	76 288
Distribution	29 631	29 072
Administration	21 459	22 884
Pension plan contributions for past service (Note 2)	10 350	10 350
	513 504	487 101
PROFIT BEFORE INTEREST AND DEPRECIATION	329 877	299 938
Interest on short-term borrowings	758	5 742
Interest under terms of capital lease contracts	1 788	1 786
Depreciation on fixed assets	5 024	5 147
Depreciation on assets held under capital lease	467	527
	8 037	13 202
NET PROFIT	321 840	286 736

RETAINED EARNINGS

for the 53-week fiscal year ended March 31, 1984
($ THOUSANDS)

	1984	1983
BALANCE AT THE BEGINNING	12 773	1 537
Net profit	321 840	286 736
	334 613	288 273
Dividends to the Minister of Finance	325 000	275 000
Transfer to the reserve for uninsured risks		500
	325 000	275 500
BALANCE AT YEAR-END	9 613	12 773

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

CHANGE IN FINANCIAL POSITION

for the 53-week fiscal year ended March 31, 1984
($ THOUSANDS)

	1984	1983
SOURCE OF FUNDS		
Net profit	321 840	286 736
Items involving no outlay of funds:		
Depreciation on fixed assets	5 024	5 147
Depreciation on assets held under capital lease contracts	467	527
Increase in the provision for accumulated sickleave	700	1 000
Funds from operations	328 031	293 410
Sale of fixed assets	24	15
	328 055	293 425
APPLICATION OF FUNDS		
Purchase of fixed assets	4 914	5 031
Dividends to the Minister of Finance	325 000	275 000
Decrease in commitments under capital lease contracts	284	187
	330 198	280 218
INCREASE (DECREASE) IN WORKING CAPITAL	(2 143)	13 207
WORKING CAPITAL (DEFICIT) AT THE BEGINNING	6 348	(6 859)
WORKING CAPITAL AT YEAR-END	4 205	6 348

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

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1 — MAIN ACCOUNTING PRACTICE

Inventories

The FIFO method is used in valuating the cost of inventories.

Depreciation of fixed assets

Depreciation on fixed assets is charged according to the straight-line method at the following rates:

Building	2.5% and 10%
Furniture and equipment	6.6%, 10%, 12.5% and 25%
Rolling-stock	20%
Leasehold improvements	rate varying with the duration of lease, not exceeding ten years
Paving and parking lots	4%

Depreciation of assets held under capital lease contracts

Depreciation on assets held under capital lease contracts is charged according to the straight-line method at the following rates:

Building	2.5%
Equipment	10%

2 — PENSION PLAN

An actuarial valuation has set liabilities with respect to service prior to December 31, 1975 at $88.8 million. The Société began reimbursing the Commission Administrative du Régime de Retraite des Fonctionnaires du Québec for this amount and related interest through 23 annual and consecutive instalments of approximately $10.3 million as of December 31, 1978.

3 — FIXED ASSETS
($ THOUSANDS)

	Cost	Accumulated Depreciation	Amortized Cost 1984	Amortized Cost 1983
Land	8 405		8 405	8 405
Building	15 368	6 272	9 096	9 555
Furniture and equipment	45 147	19 959	25 188	24 783
Rolling-stock	2 409	2 100	309	642
Leasehold improvements	9 931	5 358	4 573	4 118
Paving and parking lots	484	95	389	594
	81 744	33 784	47 960	48 097

4 — ASSETS RENTED UNDER CAPITAL LEASE CONTRACTS
($ THOUSANDS)

	Gross Value	Accumulated Depreciation	Amortized Value 1984	Amortized Value 1983
Building	16 280	2 849	13 431	13 838
Equipment	605	301	304	361
	16 885	3 150	13 735	14 199

5 — COMMITMENTS UNDER CAPITAL LEASE CONTRACTS
($ THOUSANDS)

	1984	1983
Building rental, payable in monthly instalments of $151 658, including interest calculated at 11 %, net of financial charges, to April 11, 2012	15 776	15 855
Equipment rental, payable in monthly instalments of $10 869, including interest calculated at 9.17 %, net financial charges, to December 6, 1984	195	303
	15 971	16 158
Instalments during the next fiscal year	284	187
	15 687	15 971

Payments in subsequent years:
($ THOUSANDS)

	Capital	Interest	Total
1985	284	1 742	2 026
1986	99	1 721	1 820
1987	111	1 709	1 820
1988	124	1 696	1 820
1989	138	1 682	1 820
1990—2012	15 215	26 698	41 913
	15 971	35 248	51 219

6 — COMMITMENTS

Under the terms of operating leases, the Société is committed to pay $58.4 million for the rent of retail outlets and certain warehouses. Payments over the next 5 years amount to:

	($ MILLIONS)
1985	10.3
1986	9.2
1987	8.2
1988	7.2
1989	6.0

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

R.S.Q., c. S-14

AUDITOR'S REPORT

I have examined the balance sheet of the Société des traversiers du Québec at March 31, 1984 as well as the statement of revenue, expenditure and surplus and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1984 as well as its operating results and change in financial position for the fiscal year then ended according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, June 21, 1984

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

R.S.Q., c. S-14

BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$1 660 958	$1 493 268
Accounts receivable and accrued interest	167 547	298 487
Subsidies receivable	2 929 559	1 022 579
	4 758 064	2 814 334
INVESTMENT (Note 5)	55 000	55 000
FIXED ASSETS (Note 6)	11 005 204	11 334 846
	$15 818 268	$14 204 180
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	$2 571 924	$1 514 842
DEFERRED APPROPRIATION (Note 7)	9 982 921	10 620 917
	12 554 845	12 135 759
SHAREHOLDER EQUITY		
CAPITAL STOCK		
Authorized:		
100 000 shares, $100 par value		
Issued and paid-up:		
15 000 shares	1 500 000	1 500 000
SURPLUS	1 763 423	568 421
	3 263 423	2 068 421
	$15 818 268	$14 204 180

CONTINGENT GAIN (Note 10)
SUBSEQUENT EVENT (Note 11)

ON BEHALF OF THE BOARD OF DIRECTORS

Jacques CLERMONT, director
Jean-Yves GAGNON, director

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

REVENUE, EXPENDITURE AND SURPLUS
for the fiscal year ended March 31, 1984

	1984	1983
EXPENDITURE		
Operating expenses	$18 908 580	$17 110 142
General and administrative expenses	2 844 144	2 625 231
Depreciation on fixed assets	1 436 764	1 655 896
Amortization of deferred charges		430 665
	23 189 488	21 821 934
REVENUE		
Ferrying of vehicles	4 096 253	3 995 115
Ferrying of pedestrians	2 680 484	2 441 393
Other (Note 3)	609 515	565 017
	7 386 252	7 001 525
SURPLUS EXPENDITURE OVER REVENUE BEFORE GOUVERNEMENT DU QUÉBEC PARTICIPATION AND EXTRAORDINARY ITEM	15 803 236	14 820 409
Participation of the Government (Note 4)	16 998 238	15 596 530
SURPLUS REVENUE AND GOVERNMENT PARTICIPATION OVER EXPENDITURE BEFORE EXTRAORDINARY ITEM	1 195 002	776 121
Loss on disposal of vessels		673 540
SURPLUS REVENUE AND GOVERNMENT PARTICIPATION OVER EXPENDITURE	1 195 002	102 581
SURPLUS AT THE BEGINNING	568 421	465 840
SURPLUS AT YEAR-END	$1 763 423	$568 421

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1984

	1984	1983
SOURCE OF FUNDS		
Surplus revenue and Government participation over expenditure before extraordinary item	$1 195 002	$776 121
Items requiring no outlay of funds:		
Depreciation on fixed assets	1 436 764	1 655 896
Amortization of deferred charges		430 665
Loss on disposal of fixed assets	864	3 852
Transfer of deferred appropriation	(1 324 131)	(1 539 882)
Funds from operations	1 308 499	1 326 652
Proceeds from disposal of fixed assets	470	160 390
Government participation — endowment of fixed assets (consideration)	686 135	
	1 995 104	1 487 042
APPLICATION OF FUNDS		
Payment on long-term debt		1 400 000
Acquisition of fixed assets	422 321	28 292
Assets acquired through Government of Canada endowment (consideration)	686 135	
	1 108 456	1 428 292
INCREASE IN WORKING CAPITAL	886 648	58 750
WORKING CAPITAL AT THE BEGINNING	1 299 492	1 240 742
WORKING CAPITAL AT YEAR-END	$2 186 140	$1 299 492

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — CONSTITUTION AND SCOPE OF ACTIVITY

The Société des traversiers du Québec is a joint-stock company founded under a special Act whose shares form part of the public domain of the Province of Québec and are assigned to the Minister of Finance. The purpose of the Société is to provide ferry-boat transportation on rivers and lakes in Québec.

2 — ACCOUNTING POLICIES

The Société's financial statements were prepared by management according to generally accepted accounting principles, given the framework and relative importance of accounting practice summarized as follows:

Fixed assets

Fixed assets acquired by endowment have been valued at initial cost or according to appraised value or at that set by municipal valuation. Other fixed assets are recorded at cost. Depreciation is charged according to the diminishing balance method at a constant rate (wharves, 5%; building, 10%; ships, 15%; furniture and equipment, 20%; rolling-stock, 30%).

Deferred appropriation — Government participation toward the acquisition of fixed assets

The value assigned to assets acquired by endowment or specific subsidies is recorded as deferred appropriation and transferred to the statement of operating results when depreciation is charged on these assets.

Recovery from insurers

Amounts from insurers covering accidents caused by Société vessels are recorded when cashed.

3 — OTHER REVENUE

	1984	1983
Interest on bank deposits	$161 633	$278 440
Interest on long-term borrowings		(123 485)
Net financial earnings	161 633	154 955
Dividends from shares	27 500	
Parking and miscellaneous	45 382	67 442
Vending machines	51 711	58 396
Recovered from insurers on accident claims involving vessels	174 153	288 076
Vessel rental	150 000	
Loss on disposal of fixed assets	(864)	(3 852)
	$609 515	$565 017

4 — PARTICIPATION OF THE GOVERNMENT

	1984	1983
Operating subsidies:		
Received	$12 848 121	$11 634 069
Receivable	2 825 986	1 022 579
	15 674 107	12 656 648
Transfer of deferred appropriation (Note 7)	1 324 131	1 539 882
Subsidy toward payment of long-term debt		1 400 000
	$16 998 238	$15 596 530

5 — INVESTMENT

This item is an endowment from the Government to the Société and represents the initial cost of 55 000 class "A" common shares of 767 500 shares issued by Compagnie de gestion de Matane Inc.

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

6 — FIXED ASSETS

	1984				1983
	Fixed Assets				
	Acquired by Endowment	Other	Accumulated Depreciation	Net	Net
Land	$64 794	$18 145		$82 939	$82 939
Wharves	3 771 913	73 429	$1 591 621	2 253 721	2 372 338
Buildings	1 418 588	304 780	482 233	1 241 135	699 254
Vessels	22 394 785	910 649	16 367 762	6 937 672	8 059 026
Furniture and equipment	24 916	330 564	215 226140 25		
			4	116 596	
Rolling-stock		25 407	15 712	9 695	4 693
Leasehold improvements*	172 974	166 814		339 788	
Total	$27 847 970	$1 829 788	$18 672 554	$11 005 204	$11 334 846

* in progress at March 31, 1984

Harbour installations — harbour sheds and wharves at Matane and Godbout belong to the Government and are placed free of charge at the disposal of the Société

7 — DEFERRED APPROPRIATION

Government participation toward the acquisition of fixed assets:

	1984	1983
(a) Gouvernement du Québec		
Balance at the beginning	$10 620 917	$12 160 799
Transferred to the statement of operating results:		
Depreciation on fixed assets	1 324 131	1 539 882
Balance at year-end	9 296 786	10 620 917
(b) Government of Canada		
Participation for the year:		
Received	582 562	
Receivable	103 573	
Balance at year-end	686 135	
	$9 982 921	$10 620 917
Itemized balance:		
Land	$64 794	$64 794
Wharves	2 196 902	2 312 529
Buildings	1 024 778	568 463
Vessels	6 517 263	7 667 368
Furniture and equipment	6 210	7 763
Leasehold improvements	172 974	
	$9 982 921	$10 620 917

8 — LONG-TERM LEASING

The Société has signed lease contracts for the rental of two vessels it operates:

1 - (a) The minimum length of the lease is fifteen years, ending on April 10, 1995. The Société may extend the term for another five years if it chooses not to exercise its purchase option;
    (b) basic rental is payable in thirty installments of $329 092 semi-annually, adjusted according to fluctuations in the prime rate of three given chartered banks above or below $15\frac{3}{4}\%$;
    (c) the Société can exercise its option to buy the vessel on April 10, 1995 for the price of $850 680 or on April 10, 2000 for $400 320, should the lease be extended.
2 - (a) the minimum length of the lease is ten years, ending on July 9, 1990. The Société has an option to extend the term for another six years;
    (b) semi-annual rental has been set at $313 638;
    (c) the Société may exercise its purchase option on July 10, 1990 for the price of $2 998 800 or on July 10, 1995 for $849 660, should the lease be extended.

Total amounts to be paid under the lease agreements come to $10 950 000. Rental charges on the two vessels charged to operating expenditure for the fiscal year amount to $1 166 342.

9 — SICKLEAVE

Accumulated sickleave for employees at year-end not shown on the financial statements amount to an estimated $609 000 ($539 000 at March 31, 1983).

10 — CONTINGENT GAIN

The Société was declared exempt from the payment of real estate and business taxes covering the years 1976 through 1979 by a Superior Court decision handed down on May 2, 1984.

If no appeal is lodged during the prescribed period, the resultant gain of around $150 000 will be posted to operating results for the year when the decision was rendered.

11 — SUBSEQUENT EVENT

On May 23, 1984 the Government authorized the Société to have two ferry vessels built at a cost of approximately $26.6 million after subtracting the Government of Canada subsidy of about $1.7 million. The Société will contract short-term borrowings from financial institutions to fund construction work until long-term financing has been arranged.

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC — SEREQ

AUDITORS' REPORT

To members of the board of directors
of the Société d'exploitation des ressources
éducatives du Québec (SEREQ):

We have examined the statement of revenue, expenditure and surplus and that of change in financial position of the Société d'exploitation des ressources éducatives du Québec for the 8-month fiscal year ended January 31, 1984 as well as the balance sheet at that date. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the operating results and change in the financial position of the Société for the 8-month fiscal year ended January 31, 1984 as well as its financial situation on that date according to generally accepted accounting principles.

MAHEUX NOISEUX
Chartered Accountants

Montréal, May 17, 1984

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC — SEREQ

BALANCE SHEET
as at January 31, 1984

ASSETS	
CURRENT ASSETS	
Cash	$34 017
Accounts receivable (Note 3)	61 309
Contract deposits	46 591
To be recovered — Morocco project (Note 4)	51 071
Chargeable to the next fiscal year	1 190
	194 178
FIXED ASSETS (Note 5)	188 964
	$383 142
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued charges	$259 055
EQUITY	
SURPLUS	124 087
	$383 142

ON BEHALF OF THE BOARD OF DIRECTORS

André BACHAND, director
Pierre CAZALIS, director

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC — SEREQ

REVENUE, EXPENDITURE AND SURPLUS
for the 8-month fiscal year ended January 31, 1984

REVENUE	
Subsidies, from the Government	$750 000
Management fees, from the Governement	31 500
Interest	28 953
	810 453
EXPENDITURE	
General and administrative expenses (see p. 347)	686 366
NET REVENUE AND SURPLUS AT YEAR-END	$124 087

CHANGE IN FINANCIAL POSITION
for the 8-month fiscal year ended January 31, 1984

SOURCE OF FUNDS	
Net revenue	$124 087
Items involving no outlay of funds:	
Depreciation on fixed assets	28 520
Loss on disposal of fixed assets	697
	153 304
Sale of fixed assets	8 400
	161 704
APPLICATION OF FUNDS	
Purchase of fixed assets	226 581
WORKING CAPITAL DEFICIT AT YEAR-END	$64 877

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC — SEREQ

NOTES TO FINANCIAL STATEMENTS

at January 31, 1984

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1 — ACCOUNTING PRACTICE

Depreciation of fixed assets

Depreciation is charged on fixed assets using the declining balance method, except in the case of leasehold improvements where the straight-line method is used over the ten-year term of the lease. Rates are as follows:

Office furniture and equipment	20%
Data-processing equipment	30%

2 — COMMERCIAL ACTIVITY

The Société is a non-profit agency which aims to promote the distribution of Québec's educational resources and carry out educational projects outside of Québec.

3 — ACCOUNTS PAYABLE

Gouvernement du Québec	$50 055
Employees	2 854
Selling price balance on assets	8 400
	$61 309

4 — TO BE RECOVERED — MOROCCO PROJECT

The item represents the portion of direct project costs paid by the Société but not yet recovered from the Government. This receivable details as follows:

Direct project costs:	
Wages and salaries	$63 847
Fringe benefits	10 515
Bonuses	4 700
Travel	17 711
Recruitment and advertising	32 074
Fees	31 087
Rental	10 899
Miscellaneous	315
Advance to teachers — Morocco	241 000
Equipment	2 023
	414 171
Received from the Government	363 100
	$51 071

5 — FIXED ASSETS

	Cost Price	Accumulated Depreciation	Amortized Cost
Office furniture and equipment	$143 995	$19 199	$124 796
Data-processing equipment	37 646	7 529	30 117
Leasehold improvements	35 843	1 792	34 051
	$217 484	$28 520	$188 964

6 — RELATED PARTY TRANSACTIONS

During the year, the Société had the free use of personnel in the employ of the ministère de l'Éducation, a benefit $126 830.

7 — COMMITMENTS

Payments under a rental agreement expiring in 1983 for premises currently being negotiated total $1 042 470, spread over the next five fiscal years as follows: 1985 — $88 452; 1986 — $88 452; 1987 — $88 452; 1988 — $88 452 and 1989 — $101 600.

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC — SEREQ

ADDITIONAL INFORMATION

for the 8-month fiscal year ended January 31, 1984

GENERAL AND ADMINISTRATIVE EXPENSES

Wages and salaries	$181 306
Fringe benefits	23 123
Travel	3 000
Moving expenses	2 632
Legal fees	3 784
Accounting fees	35 600
Auditing fee	2 300
Consultants' and contractual employees' fees	114 174
Seminars and conventions	1 273
Directors' fees	8 933
Advertising	11 308
Sales	18 908
Receptions	5 070
Travel abroad	75 716
Travel	58 573
Rent	34 973
Equipment rental	14 433
Insurance	170
Bank charges	1 167
Telecommunications	20 317
Postal and courrier services	2 105
Electricity and heat	856
Office supplies	25 538
Maintenance and repairs	629
Subscriptions and publications	2 138
Taxes	7 118
Sundry	2 005
Depreciation on office furniture and equipment	19 199
Depreciation on data-processing equipment	7 529
Depreciation on leasehold improvements	1 792
Loss on disposal of fixed assets	697
	$686 366

SOCIÉTÉ D'HABITATION DU QUÉBEC

R.S.Q., c. S-8

AUDITOR'S REPORT

I have examined the balance sheet of the Société d'habitation du Québec at December 31, 1983 as well as the statement of surplus, that of operating results and that of financial activities, the balance sheet of the Insurance Fund and the statement of change in financial position of the Fund for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at December 31, 1983 as well as its operating results for the fiscal year then ended, according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, June 18, 1984

SOCIÉTÉ D'HABITATION DU QUÉBEC

R.S.Q., c. S-8

BALANCE SHEET

as at December 31, 1983

($ THOUSANDS)

	1983	1982 (Note 13)
ASSETS		
Loans and advances (Note 3)	594 747	604 203
Residential buildings (Note 4)	844 501	762 836
Accounts receivable		
Canada Mortgage and Housing Corporation	75 312	95 163
Other	6 153	6 216
Cash	5 118	1 956
	1 525 831	1 470 374
LIABILITIES		
Borrowings (Note 5)	1 481 119	1 403 181
Accounts payable (Note 6)	36 547	57 342
Insurance Fund	3 502	2 607
	1 521 168	1 463 130
SURPLUS	4 663	7 244
	1 525 831	1 470 374

COMMITMENTS (Note 12)

ON BEHALF OF THE SOCIÉTÉ

Bernard ANGERS
Jean-Luc LESAGE

SOCIÉTÉ D'HABITATION DU QUÉBEC

OPERATING RESULTS

for the fiscal year ended December 31, 1983

($ THOUSANDS)

	1983	1982 (Note 13)
REVENUE		
Program financing (Note 8)		
Gouvernement du Québec	141 484	115 185
Canada Mortgage and Housing Corporation	86 191	86 487
	227 675	201 672
Recovery — debt servicing charged to low-rental housing program	91 052	81 849
Interest on loans and advances	48 838	48 368
	367 565	331 889
EXPENDITURE		
Cost of programs (Note 8)	213 469	186 784
Administrative expenses (Note 9)	14 206	14 888
	227 675	201 672
Interest on borrowings	137 039	125 598
	364 714	327 270
SURPLUS BEFORE THE FOLLOWING ITEM	2 851	4 619
Additional cost related to the recycling of a building complex (Note 10)	2 750	
SURPLUS REVENUE OVER EXPENDITURE FOR THE YEAR	101	4 619

SURPLUS

for the fiscal year ended December 31, 1983

($ THOUSANDS)

	1983	1982
BALANCE AT THE BEGINNING	7 244	4 674
Surplus for the year	101	4 619
	7 345	9 293
Transfer to the Consolidated Revenue Fund (Note 7)	2 682	2 049
BALANCE AT YEAR-END	4 663	7 244

SOCIÉTÉ D'HABITATION DU QUÉBEC

FINANCIAL ACTIVITIES
for the fiscal year ended December 31, 1983
($ THOUSANDS)

	1983	1982 (Note 13)
SOURCE OF FINANCIAL RESOURCES		
Surplus for the year	101	4 619
Depreciation on residential buildings	919	680
Funds from operations	1 020	5 299
New borrowings	764 004	859 071
Repayments on loans and advances	9 896	4 427
Disposal of residential buildings		533
Decrease (increase) in accounts receivable	19 910	(11 846)
Decrease in accrued interest on loans and advances	3 557	603
Increase in amount owed the Insurance Fund	895	510
	799 282	858 597
APPLICATION OF FINANCIAL RESOURCES		
New investments		
Loans and advances	2 636	5 082
Residential buildings	83 941	117 376
Acquisition of property financed by the Société		
Residential buildings	(1 357)	1 021
Loans and advances	1 380	(1 021)
Accrued interest on loans and advances	(23)	
Repayment of borrowings	681 740	758 424
Transfer to the Consolidated Revenue Fund	2 682	2 049
Increase in cash position	3 162	2 092
Decrease (increase) in accounts receivable	20 795	(24 435)
Decrease (increase) in accrued interest on borrowings	4 326	(1 991)
	799 282	858 597

SOCIÉTÉ D'HABITATION DU QUÉBEC

INSURANCE FUND

BALANCE SHEET
as at December 31
($ THOUSANDS)

	1983	1982
ASSETS		
Cash		
Accounts receivable		14
Société d'habitation du Québec	3 502	2 607
Participating agencies	103	242
Other		19
	3 605	2 882
LIABILITIES		
Claims under settlement	331	184
Fund balance	3 274	2 698
	3 605	2 882

CHANGE IN THE INSURANCE FUND
for the fiscal year ended December 31
($ THOUSANDS)

	1983	1982
Revenue		
Premiums	628	575
Interest	324	385
	952	960
Claims	376	400
SURPLUS FOR THE YEAR	576	560
FUND BALANCE AT THE BEGINNING	2 698	2 138
FUND BALANCE AT YEAR-END	3 274	2 698

SOCIÉTÉ D'HABITATION DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

(MILLIERS $)

1 — CONSTITUTION AND SCOPE OF ACTIVITY

Incorporated under a special Act, the Société d'habitation du Québec, has been given the task of promoting municipalities' land servicing, facilitating the access of Québec citizens to residential property and making low rental housing available to them.

Since 1979, the Société has been administering an Insurance Fund covering accidental losses to its housing units and those of municipal housing offices. Individual losses over $500 000 are not covered by the Fund and are borne on an equal basis by the Canada Mortgage and Housing Corporation and the Société d'habitation du Québec under the terms of agreements between these agencies.

2 — ACCOUNTING POLICIES

Société financial statements were prepared by management according to generally accepted accounting principles, within the bounds of particular practices described below:

(a) Residential buildings

i. Residential buildings belonging to the Société are recorded at cost.

In the case of property acquired following default of payment, its cost is recorded as the outstanding balance of the loan and accrued interest to the date of surrender plus expenses incurred at the time of takeover.

Where Société housing construction is concerned, interest and administrative charges are added to other costs incurred up to the date of the building's operation.

ii. Depreciation is charged on residential buildings according to the rate the principal is repaid on loans taken out for their acquisition, generally over a period of thirty-five to fifty years. The amount charged includes amortization of the cost of land, buildings and facilities. No depreciation is charged with respect to residential buildings not yet subject to loan repayment.

(b) Housing loans

There is no provision for non-recovery of interest on housing loans where payments are in arrears since such interest is included in the cost of acquiring property upon default.

(c) Program financing

Participation by the Government and the CMHC is recorded on the books were related expenditure is also entered. Gouvernement du Québec participation is represented by its gross contributions to funding Société program expenditures, less that recoverable from the Canada Mortgage and Housing Corporation under the terms of agreements.

(d) Recovery — debt servicing charged to the low-rental housing program

The cost of servicing debt which the Société must assume on borrowings taken out to finance residential buildings which are managed by its agents, to wit municipal housing offices, Northern municipalities and the Société de gestion immobilière SHQ, is generally recovered from grants paid to these agents.

(e) Cost of the low-rental housing program

The cost of the low-rental housing program is established on the basis of budgets prepared by agencies concerned and approved by the Société or prepared by the Société itself, as the case may be.

The cost includes any retroactive adjustments required following Société study of agencies' audited financial statements.

(f) Administrative expenses

Sums required to cover administration are taken from appropriations voted annually for that purpose by the National Assembly; under the National Housing Act, the Canada Mortgage and Housing Corporation defrays a portion of these charges. The acquisition of supplies and equipment is charged to operating expenditure in accordance with Government accounting practice.

The cost of fringe benefits to Société employees as well as support services such as telephone, office space, data processing, etc. paid from the various departments' appropriations are not shown on the statement of revenue and expenditure.

3 — LOANS AND ADVANCES

	1983	1982
	($ THOUSANDS)	
Mortgage loans — $6^{7}/_{8}\%$ to $15^{1}/_{8}\%$ payable by monthly or annual instalments	546 627	547 690
Loans without mortgage security — $6^{7}/_{8}\%$ to $7^{7}/_{8}\%$, payable by monthly instalments	10 431	10 507
Bonds — $6^{7}/_{8}\%$ to $9^{5}/_{8}\%$, payable annually	16 997	18 539
Advances	10 097	13 296
Accrued interest	10 595	14 171
	594 747	604 203

NOTES TO FINANCIAL STATEMENTS (cont'd)

at December 31, 1983

($ THOUSANDS)

4 — RESIDENTIAL BUILDINGS

	1983			1982
	At Cost	Accumulated Depreciation	Amortized Cost	Amortized Cost
Completed residential buildings	735 205	1 275	733 930	640 353
Housing under construction	60 980		60 980	72 108
Acquired property	51 016	1 425	49 591	50 375
	847 201	2 700	844 501	762 836

5 — BORROWINGS

	1983	1982
Gouvernement du Québec		
Bonds — 6 7/8% to 17%, payable in annual and semi-annual instalments over periods up to 50 years and redeemable before maturity	134 652	134 161
Advances	6 530	14 570
Accrued interest	9 915	14 833
	151 097	163 564
Canada Mortgage and Housing Corporation		
Bonds — 6 7/8% to 11%, payable in annual and semi-annual instalments over periods of up to 50 years and redeemable before maturity	883 008	876 869
Mortgage loans — 3 1/2% to 7 7/8% payable in monthly instalments over periods of up to 50 years	2 181	2 284
Advances	26	9 863
Accrued interest	50 330	52 018
	935 545	941 034
Other		
Bonds — 12 1/4% to 16 1/2%, payable from 1984 to 1991, guaranteed by CMHC	319 716	204 929
Interim financing — financial institutions, guaranteed by the Government	55 921	77 094
Accrued interest	18 840	16 560
	394 477	298 583
	1 481 119	1 403 181

Capital instalment payments over the next five fiscal years on bonds and mortgages detail as follows:

1984	$6 120
1985	6 681
1986	7 060
1987	7 389
1988	7 716

6 — ACCOUNTS PAYABLE

	1983	1982
Gouvernement du Québec	13 686	37 944
Contractors and suppliers	9 756	9 215
Municipal housing offices, municipalities and other agencies	9 874	6 838
Holdbacks on construction contracts	3 231	3 345
	36 547	57 342

7 — TRANSFER TO THE CONSOLIDATED REVENUE FUND

The Société passed a resolution approving the remittance of $2 682 000 in revenue to the Government, most of which is derived from CMHC contributions toward financing the low-rental housing program.

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983
($ THOUSANDS)

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8 — COST AND FINANCING OF PROGRAMS ADMINISTERED BY THE SOCIÉTÉ

	1983			1982		
		FINANCING			FINANCING	
PROGRAMS	COST	GOUVERNEMENT DU QUÉBEC	CMHC*	COST	GOUVERNEMENT DU QUÉBEC	CMHC*
Low-rental housing						
Subsidies for municipal housing offices' residential building operations	42 738	20 298	22 440	42 250	17 502	24 748
Subsidies to agents for Société residential building operations	103 236	40 209	63 027	92 867	38 069	54 798
	145 974	60 507	85 467	135 117	55 571	79 546
Assistance to individuals						
Assistance to facilitate home ownership	26 997	26 997		12 193	12 193	
Shelter aid for the elderly	7 418	7 418		8 615	8 615	
Rent supplements	6 530	3 967	2 563	5 787	4 592	1 195
Family Housing Act	1 923	1 923		2 620	2 620	
Temporary relocation of urea formaldehyde (MIUF) victims	115	115		198	198	
	42 983	40 420	2 563	29 413	28 218	1 195
Assistance to community agencies and for renovation						
Aid to rental housing cooperatives	8 039	8 039		6 442	6 442	
Municipal land servicing	9 758	9 339	419	10 718	6 568	4 150
Residential building restoration	3 186	3 186		4 879	4 879	
Assistance for home renovation	3 529	3 529		215	215	
	24 512	24 093	419	22 254	18 104	4 150
Cost of programs	213 469	125 020	88 449	186 784	101 893	84 891
Administrative expenses (Note 9)	14 206	16 464	(2 258)	14 888	13 292	1 596
		141 484	86 191		115 185	86 487
Total cost	227 675	227 675		201 672	201 672	

* Canada Mortgage and Housing Corporation

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983
($ THOUSANDS)

9 — ADMINISTRATIVE EXPENSES

	1983	1982
Wages, salaries and other remuneration	12 591	12 595
Transportation and communications	884	855
Professional, administrative and other services	1 731	858
Rent	167	175
Supplies	491	367
Furnishings and equipment	172	90
Various subsidies	306	123
Other	389	564
	16 731	15 627
Less:		
Charges to construction cost of residential buildings	2 296	460
Administrative expenses assigned to the Société de gestion immobilière SHQ	229	279
	14 206	14 888

10 — ADDITIONAL COST RELATED TO THE RECYCLING OF A BUILDING COMPLEX

The Société was authorized to finance the additional cost of recycling the Jeffrey Hale complex from its own funds. The added cost of $2.75 million is attributable in particular to feasibility studies and architectural constraints, given the historical value of buildings the Société must respect.

The Société considers that the additional cost is not of a capital nature, rather an extraordinary expenditure which should be shown as a separate item on the statement of operating results.

11 — SOCIÉTÉ DE GESTION IMMOBILIÈRE SHQ

The Société de gestion immobilière SHQ has been given responsibility as of January 1, 1982 for managing certain buildings belonging to the Société d'habitation du Québec. An operating budget of $3.5 million was allocated to this agent for the current year. CMHC will provide funding in the amount of $1.7 million and the Government, the remainder of $1.8 million. The Société statement of operating results takes these contributions into account.

12 – COMMITMENTS

Construction

Société commitments toward contractors for work on current projects amount to $29.3 million at December 31, 1983 (1982: $35.7 million)

Subsidies payable

— Société commitments under the program of subsidies toward home renovation break down as follows for the next five fiscal years:

Fiscal year	Commitments
1984	8 014
1985	4 363
1986	4 363
1987	4 363
1988	4 183

— Société commitments under the Family Housing Act amount to $10.2 million at December 31, 1983 (1982: 17.7 million).

13 — COMPARATIVE FIGURES

Certain 1982 figures were reclassified for comparision purposes with the 1983 presentation.

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

R.S.Q., c. S-14.01

AUDITOR'S REPORT

I have examined the balance sheet of the Société du Grand Théâtre de Québec at August 31, 1983 as well as the statement of revenue, expenditure and deficit for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société du Grand Théâtre de Québec at August 31, 1983 and its operating results for the fiscal year then ended, according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, February 3, 1984

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

R.S.Q., c. S-14.01

BALANCE SHEET

as at August 31, 1983

	1983	1982
ASSETS		
CURRENT ASSETS		
Cash	$ 556 794	$ 122 401
Term deposits		43 181
Accounts receivable	283 959	148 749
Advances to a theatre company	150 000	
Inventories	56 588	85 771
Prepaid expenses	47 027	18 781
	1 094 368	418 883
FIXED ASSETS (Note 3)	151 227	19 115
	$1 245 595	$437 998
LIABILITIES		
CURRENT LIABILITIES		
Deposits — rent and ticket sales	$477 897	$325 327
Accounts payable and accrued charges	284 467	217 634
Subsidy received in advance	605 883	110 417
	1 368 247	653 378
DEFICIT	122 652	215 380
	$1 245 595	$437 998

ON BEHALF OF THE SOCIÉTÉ

Christine PIETTE
Pierre DUGUAY

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

REVENUE, EXPENDITURE AND DEFICIT

for the fiscal year ended August 31, 1983

	1983 (12 months)	1982 (5 months)
REVENUE		
Rent	$956 018	$157 412
Share of ticket sales	290 068	41 248
Ancillary services (Note 5)	751 654	53 381
Stage productions	289 962	45 300
Gain on disposal of fixed assets	20 616	
	2 308 318	297 341
EXPENDITURE		
Administrative services (Note 6)	522 937	235 914
Support services (Note 7)	1 392 476	471 078
Ancillary services (Note 5)	1 158 426	125 655
Stage productions	508 785	86 773
	3 582 624	919 420
SURPLUS EXPENDITURE OVER REVENUE BEFORE GOVERNMENT SUBSIDY	1 274 306	622 079
SUBSIDY FROM THE GOVERNMENT	1 367 034	552 083
SURPLUS REVENUE AND SUBSIDY OVER EXPENDITURE	92 728	(69 996)
DEFICIT AT THE BEGINNING	215 380	145 384
DEFICIT AT YEAR-END	$122 652	$215 380

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

NOTES TO FINANCIAL STATEMENTS

at August 31, 1983

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1 — CONSTITUTION AND SCOPE OF ACTIVITY

A corporation within the meaning of the Civil Code and founded by a special Act, the Société du Grand Théâtre de Québec has been given responsibility for administering the Grand Théâtre de Québec and for staging entertainment.

2 — ACCOUNTING POLICIES

Société financial statements were prepared by management, given the framework and relative importance of accounting practice summarized as follows:

Inventories

Inventories are valued at the lesser of cost price or net realization value. Cost is determined according to the FIFO method.

Fixed assets

Fixed assets are recorded at cost, with depreciation charged according to the straight-line method as follows:

Electronic box office	6.6 %
Furnishings	20 %
Communications system	50 %
Lighting control	50 %
Leasehold improvements	100 %
Tools and equipment	100 %

Expenditure assumed by the Government

The premises occupied by the Société are the property of the Government, which assumes the cost of municipal taxes and major repairs. The Société is responsible for maintenance.

3 — FIXED ASSETS

	1983			1982
	Cost	Accumulated Depreciation	Net	Net
Communications system	$18 637	$18 637		$5 064
Leasehold improvements	280 803	191 523	$89 280	5 317
Office furniture	169 291	124 004	45 287	
Tools and equipment	93 103	93 103		
Lighting control	33 321	16 661	16 660	
Electronic box office				8 734
	$595 155	$443 928	$151 227	$19 115

The Société did not charge depreciation on leasehold improvements ($89 280) and office furniture ($45 287) acquired toward the end of the fiscal year.

4 — PREMISES

The building housing the Grand Théâtre de Québec is the property of the Government and no rent is charged the Société. The lease which expired September 30, 1980 has not been renewed.

5 — ANCILLARY SERVICES

	1983 (12 months)	1982 (5 months)
REVENUE		
Staging	$412 388	$5 849
Workshops	102 538	35 885
Bars	153 930	3 728
Advertising	82 798	7 919
	$751 654	$53 381
EXPENDITURE		
Staging	$727 612	$69 283
Workshops	172 411	37 274
Bars	108 108	4 470
Advertising	150 295	14 628
	$1 158 426	$125 655

6 — ADMINISTRATIVE SERVICES

	1983 (12 months)	1982 (5 months)
Wages, salaries and fringe benefits	$363 856	$156 069
Professional fees	44 281	31 242
Travel and representation	21 062	15 325
Communications	40 647	15 486
Stationery and supplies	24 562	4 062
Other expenses	28 529	13 730
	$522 937	$235 914

7 — SUPPORT SERVICES

	1983 (12 months)	1982 (5 months)
Maintenance, security and electricity	$910 397	$309 686
Auditorium operations	154 126	13 366
Box office operations	327 953	132 868
Public relations		15 158
	$1 392 476	$471 078

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

R.S.Q., c. S-14.1

AUDITOR'S REPORT

I have examined the balance sheet of the Société du Palais des congrès de Montréal at March 31, 1984 as well as the statement of revenue, expenditure and deficit and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore include such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1983 as well as its operating results for the fiscal year then ended according to the accounting policies in Note 2 applied on a basis consistent with that of the previous year, after the retroactive adjustment to reflect the changed method of capitalizing fixed assets to which Note 3 refers.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, July 6, 1984

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

R.S.Q., c. S-14.1

BALANCE SHEET

as at March 31, 1984

	1984	1983
		(Note 3)
ASSETS		
CURRENT ASSETS		
Cash	$57 220	$186 720
Term deposits and accrued interest	2 859 549	403 636
Accounts receivable	131 330	
Prepaid expenses	583 652	23 665
Owed by the Société de développement immobilier du Québec		114 432
	3 631 751	728 453
FIXED ASSETS (Notes 4 & 5)	79 337 066	57 026
	$82 968 817	$785 479
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	$4 193 748	$307 149
Customer deposits	337 711	135 713
Owed to the Société de développement immobilier du Québec	97 848	
	4 629 307	442 862
LONG-TERM DEBT (Note 6)	84 186 000	
	88 815 307	442 862
EQUITY		
Deficit (surplus)	6 803 199	(285 591)
Less:		
contributed by the Government (Note 7)	956 709	57 026
	5 846 490	(342 617)
	$82 968 817	$785 479

ON BEHALF OF THE BOARD OF DIRECTORS

Yves MICHAUD
Fernand ROBERGE

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

REVENUE, EXPENDITURE AND DEFICIT
for the fiscal year ended March 31, 1984

	1984	1983
		(Note 3)
REVENUE		
Space rental — events	$924 205	
Commissions (Note 8)	741 125	
Ancillary services (Note 9)	481 508	
	2 146 838	
EXPENDITURE		
Net financial charges (Note 12)	6 062 192	($86 668)
Operating and administrative expenses	9 875 661	2 526 217
Hosting of events (Note 11)	871 065	
	16 808 918	2 439 549
SURPLUS EXPENDITURE OVER REVENUE	14 662 080	2 439 549
SUBSIDY FROM THE GOVERNMENT	7 573 290	2 483 243
SURPLUS EXPENDITURE OVER REVENUE AND SUBSIDY	7 088 790	(43 694)
SURPLUS AT THE BEGINNING	285 591	241 897
DEFICIT (SURPLUS) AT YEAR-END	$6 803 199	($285 591)

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1984

	1984	1983
SOURCE OF FUNDS		
Surplus revenue and subsidy over expenditure		$43 694
Long-term debt	$84 186 000	
Contributed by the Government	899 683	16 757
	85 085 683	60 451
APPLICATION OF FUNDS		
Surplus expenditure over revenue and subsidy	7 088 790	
Acquisition of fixed assets	79 280 040	16 757
	86 368 830	16 757
INCREASE (DECREASE) IN WORKING CAPITAL	(1 283 147)	43 694
WORKING CAPITAL AT THE BEGINNING	285 591	241 897
WORKING CAPITAL (DEFICIT) AT YEAR-END	($997 556)	$285 591

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — CONSTITUTION AND SCOPE OF ACTIVITY

A corporation within the meaning of the Civil Code and founded by a special Act, the Société du Palais des congrès de Montréal has been made responsible for:

- administering and operating the Palais des congrès convention centre in Montréal;
- creating projects for Palais des congrès development or operations;
- operating businesses and carrying on activities that contribute to convention centre development and promote its use; and
- replacing the Société de développement immobilier du Québec as far as furnishing and improving the Palais des congrès is concerned.

Palais des congrès operations began June 13, 1983.

2 — ACCOUNTING POLICIES

Société financial statements were prepared by management on the accrual basis, given the framework and relative importance of accounting practice summarized as follows:

Fixed assets

Fixed assets are recorded at cost of acquisition and not depreciated.

Subsidy from the Government

The Société records the annual subsidy from the Government as follows:

(a) Contributed by the Government to Société equity

- an amount equal to the value of furniture and equipment acquired during the year;
- an amount equal to payments on long-term debt.

(b) Operating subsidy

A contribution to cover the annual operating deficit.

3 — ACCOUNTING CHANGE

As of the current fiscal year, the Société has adopted the method of capitalizing fixed assets, while formerly the acquisition of furniture and equipment was charged to operations. For the fiscal years ended March 31, 1983 and 1982, these acquisitions amounted to $16 757 and $40 269 respectively.

The change was applied retroactively, resulting in an increase of $57 026 to fixed assets and to the Government contribution to Société equity at March 31, 1983.

4 — PALAIS DES CONGRÈS ACQUISITION

The Société acquired the Palais des congrès de Montréal and its furnishings from the Société de développement immobilier du Québec, including all commitments attendant to Palais assets.

Consideration for the acquisition details as follows:

(a) Société de développement immobilier du Québec	
Obligations assumed	
Bonds, series "A", variable interest, maturing December 8, 1991	$30 000 000
Cash payment	54 265 778
Selling price balance	97 848
	84 363 626
(b) Holdbacks on contracts and balance due suppliers for convention centre construction	1 415 392
	$85 779 018

Since the transaction took place between Government agencies, the Société recorded the acquisition as follows:

Fixed assets	
Land	$2 985 051
Building	70 287 870
Furniture and equipment	5 107 436
	78 380 357
Charged to 1983-1984 operations:	
Municipal taxes from June 13, 1983 to December 31, 1983	1 461 534
Interest on long-term debt from June 13, 1983 to March 31, 1984	5 937 127
	7 398 661
	$85 779 018

Construction of the Palais des congrès de Montréal is recorded at cost. This includes the cost of land, materials, direct labour, subcontracts, architects' and engineers' fees and interest accrued during construction on borrowing to finance the project, less Government of Canada grants toward construction financing.

5 — FIXED ASSETS

	1984	1983
	Cost	Cost
Land	$2 985 051	
Building	94 287 870	
Furniture and equipment	6 064 145	$57 026
	103 337 066	57 026
Less:		
Government of Canada grant	24 000 000	
	$79 337 066	$57 026

6 — LONG-TERM DEBT

	1984
Notes payable*	
La Caisse Centrale Desjardins du Québec, 10.27 % annually, due April 30, 1984	$39 186 000
Place Desjardins Inc., 10.22 % annually, due April 30, 1984	15 000 000
	54 186 000
Bonds, series "A", guaranteed by the Government, variable interest rate, redeemable before maturity, maturing December 8, 1991	30 000 000
	$84 186 000

* Long-term financing had not been finalized at the time the financial statements were being prepared.

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

7 — CONTRIBUTION FROM THE GOVERNMENT

	1984	1983
Contribution from the Government toward to acquisition of furniture and equipment	$834 836	$57 026
Furniture transferred free from the ministère des Travaux publics et approvisionnement	121 873	
	$956 709	$57 026

8 — COMMISSIONS

	1984
Tickets sold	$220 475
Food services	476 516
Electrical services	30 998
Data-processing and audio-visual services	10 717
Other	2 419
	$741 125

9 — ANCILLARY SERVICES

	1984
Parking	$225 915
Furnishings	99 488
Data processing	56 253
Cloakroom	50 305
Other	49 547
	$481 508

10 — OPERATING AND ADMINISTRATIVE EXPENSES

	1984	1983
Taxes	$3 480 460	$38 366
Insurance and permits	65 646	426
Electricity and heat	764 869	4 635
Security	248 214	
Maintenance and repairs	1 403 015	15 523
Rent	239 034	273 928
Advertising and promotional material	691 848	453 407
Wages, salaries and fringe benefits	2 067 794	1 034 717
Professional and administrative services	609 327	516 309
Travel	65 395	66 993
Telephone and courier service	85 270	58 382
Stationery and office supplies	126 775	45 894
Other	28 014	17 637
	$9 875 661	$2 526 217

11 — EVENTS

	1984
Staff remuneration	$461 236
Creations	21 974
Food services	25 583
Furnishings	314 396
Data processing	24 002
Ticket printing	11 449
Security	11 377
Sundry	1 048
	$871 065

12 — NET FINANCIAL CHARGES

	1984	1983
Interest on long-term debt	$5 985 841	
Other interest and bank charges	181 412	$1 354
	6 167 253	1 354
Interest on bank balance and term deposits	105 061	88 022
	$6 062 192	($86 668)

13 — SUBSIDY FROM THE GOVERNMENT

	1984	1983
The subsidy from the Government breaks down as follows:		
Operating subsidy	$7 573 290	$2 483 243
Government contribution to Société equity		
Contribution toward the acquisition of furniture and equipment	777 810	16 757
	$8 351 100	$2 500 000

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

R.S.Q., c. S-15

AUDITOR'S REPORT

I have examined the balance sheet of the Société du parc industriel du centre du Québec at March 31, 1984 as well as the statement of revenue and expenditure of the Operating Fund and that of the Capital Investment Fund balance for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standard and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1984 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2 applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, June 15, 1984

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

R.S.Q., c. S-15

BALANCE SHEET

as at March 31, 1984

	1984	1983 (Note 9)
ASSETS		
OPERATING FUND		
Cash and term deposits	$4 325 522	$1 048 453
Accounts receivable	165 332	312 221
	$4 490 854	$1 360 674
CAPITAL INVESTMENT FUND		
Advances to the Operating Fund	$3 761 360	$291 648
Lots for sale	3 996 977	4 670 568
Capital expenditures (Note 3)	41 594 526	33 457 872
	$49 352 863	$38 420 088
LIABILITIES		
OPERATING FUND		
Accounts payable and accrued charges	$183 459	$336 460
Owed the Capital Investment Fund	3 761 360	291 648
Owed the Government	546 035	732 566
	$4 490 854	$1 360 674
CAPITAL INVESTMENT FUND		
Bank indebtedness	$6 100 000	
Holdbacks on contracts and ongoing estimates	557 219	$300 635
Deposits on lot sales	5 616	448 480
Advances from the Government (Note 4)	40 255 600	39 985 600
	46 918 435	40 734 715
Fund balance	2 434 428	(2 314 627)
	$49 352 863	$38 420 088

COMMITMENT AND CONTINGENT LIABILITIES (Note 8)

ON BEHALF OF THE SOCIÉTÉ

Réal FORTIN
Jacinthe LAVIGNE

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

REVENUE AND EXPENDITURE OF THE OPERATING FUND

for the fiscal year ended March 31, 1984

	1984	1983
REVENUE (Note 5)	$5 581 367	$762 614
EXPENDITURE		
Wages, salaries and allowances	591 275	547 016
Property taxes	344 009	463 101
Société participation in the Ville de Bécancour water and sewage network	495 294	497 605
Fixtures and equipment	7 141	12 430
Interest on advances	3 819 290	3 641 736
Interest on bank loan	202 111	
Other	733 984	772 715
	6 193 104	5 934 603
Less:		
Expenditure assumed by the Government (Note 6)	5 353 651	4 968 196
Expenditure assumed by the Société (Note 7)	839 453	966 407
SURPLUS REVENUE OVER EXPENDITURE TRANSFERRED TO THE CAPITAL INVESTMENT FUND BALANCE	$4 741 914	($203 793)

CAPITAL INVESTMENT FUND BALANCE

for the fiscal year ended March 31, 1984

	1984	1983
DEFICIT BALANCE AT THE BEGINNING	$2 314 627	$2 123 264
Transfer of surplus revenue over expenditure for the year from the Operating Fund	4 741 914	(203 793)
Acquisition of fixtures and equipment	7 141	12 430
Balance (deficit) at year-end	$2 434 428	($2 314 627)

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

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1 — CONSTITUTION AND SCOPE OF ACTIVITY

Founded under the Act respecting the Société du parc industriel du centre du Québec, the Société has been given the task of promoting the industrial development of the Bécancour area by establishing an industrial park there and erecting the facilities required for its operation.

Under the terms of its founding Act, the funds from Société operations are to be used to pay taxes and reimburse the corporation's debts and commitments as well as any Government advances it receives, with any balance to be transferred to the Consolidated Revenue Fund.

2 — ACCOUNTING POLICIES

Société financial statements were prepared by management using fund accounting according to the accrual method, within the bonds of the particular practices summarized as follows:

Lots for sale

Lots to be sold are recorded at cost of acquisition. Municipal and school taxes, along with any interest charges in connection with these lots, are posted to Operating Fund expenditure.

Sale of a lot is entered at the time the deed is notarized.

Fixed assets

Fixed assets are shown at their original cost, with no depreciation charged.

Expenses not shown on the statement of revenue and expenditure

The statement of revenue and expenditure does not reflect the cost of fringe benefits paid to Société employees nor of support services such as telephone and other charges, assumed by the various departments.

3 — FIXED ASSETS

	March 31 1983	Capital Additions	March 31 1984
Land	$40 131		$40 131
Buildings	4 210 331	$15 500	4 225 831
Water and sewage	4 774 666	8 548	4 783 214
Roads and streets	4 993 295	5 311	4 998 606
Warehousing and parking	239 693		239 693
Port facilities*	15 122 815	8 088 754	23 211 569
Industrial water treatment facilities	3 212 572	3 367	3 215 939
Rail network	278 420		278 420
Office furniture	62 129	10 676	72 805
Equipment and tools	135 839	4 498	140 337
Machinery	233 193		233 193
Rolling-stock	154 788		154 788
	$33 457 872	$8 136 654	$41 594 526

* In connection with the establishment of an aluminum foundery in Bécancour, the Government has authorized the Société to carry out work for the construction of a terminal and port facilities for the smooth operation of the plant as well as taking the environmental protection measures that the ministère de l'Environnement requires.

The Société is also authorized to enter into borrowing arrangements with financial institutions for an overall amount of capital not exceeding the cost of work estimated at $20.6 million for a term no later than December 31, 1984. Long-term financing has not yet been finalized.

4 — ADVANCES FROM THE GOVERNMENT

Gouvernement du Québec advances bear interest between 8.3% and 17.1%.

	1984	1983
Balance at the beginning	$39 985 600	$38 055 600
Advances during the year	270 000	1 930 000
Balance at year-end	$40 255 600	$39 985 600

5 — REVENUE

	1984	1983
Sale of lots:		
Lots sold	$5 034 859	
Cost of lots	673 591	
	4 361 268	
Other revenue:		
Rent — buildings	219 616	$62 336
Rent — land	17 808	10 078
Port duties	513 221	300 224
Industrial water treatment	264 654	198 947
Drinking water treatment	62 837	51 351
Interest on bank and term deposits	103 589	114 989
Sundry	38 374	24 689
	1 220 099	762 614
	$5 581 367	$762 614

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)

at March 31, 1984

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6 — EXPENDITURE ASSUMED BY THE GOVERNMENT

	1984	1983	Cumulative (December 1968 to March 31, 1984)
Wages, salaries and allowances	$591 275	$547 016	$4 599 141
Interest on advances from the Government	3 819 290	3 641 736	31 349 809
Interest on bank loan	202 111		202 111
Other	733 834	767 014	4 646 446
	5 346 510	4 955 766	40 797 507
Fixtures and equipment	7 141	12 430	131 074
	$5 353 651	$4 968 196	$40 928 581

7 — EXPENDITURE ASSUMED BY THE SOCIÉTÉ

	1984	1983
Property taxes	$344 009	$463 101
Société participation in Bécancour water and sewage networks	495 294	497 605
Bad debts		1 119
Other	150	4 582
	$839 453	$966 407

8 — COMMITMENT AND CONTINGENT LIABILITIES

Under the terms of an agreement between the Ville de Bécancour and the Government that was ratified on April 11, 1973, the Société is authorized to take part in financing, until 2011, the water and sewage networks serving part of the town and the industrial park.

The Société has committed itself to servicing the annual debt with respect to two loans taken out by the Ville de Bécancour, less any subsidies from the ministère des Affaires municipales in connection with these borrowings and certain other revenue sources.

The outstanding balance amounts to $3 185 594 at March 31, 1984 on original bond issues of $3 600 000.

A lawsuit in the amount of about $113 000 was filed against the Société in 1980. Since the opinion of the Société and its legal counsel is that no significant liability can result from court action, there has been no accounting provision set aside for this purpose.

A Superior Court decision handed down on August 24, 1983 orders the Société pay a sum of $912 823 with interest to a contractor for dragging work.

The Société board of directors, on the advice of legal counsel, decided on September 12, 1983 to appeal the decision; no liability has therefore been entered on the books at March 31, 1984. Should the ruling be upheld, the claim will then be recorded.

Interest accrued to March 31, 1984 amounts to $44 216.

The Société is contesting the accuracy of property valuation of certain of its buildings for the years 1982, 1983 and 1984; related property taxes amount to $309 448, of which $84 518 is charged to operations for the current year.

9 — COMPARATIVE FIGURES

Certain data from the 1983 balance sheet were reclassified for purposes of comparison with the 1984 presentation.

SOCIÉTÉ DU PARC INDUSTRIEL ET COMMERCIAL AÉROPORTUAIRE DE MIRABEL

R.S.Q., c. S-16

AUDITOR'S REPORT

Société du parc industriel
et commercial aéroportuaire
de Mirabel shareholder:

We have examined the balance sheet of the Société du parc industriel et commercial aéroportuaire de Mirabel at March 31, 1984 as well as the statement of charges capitalized to the industrial and commercial airport of Mirabel and that of change in financial position for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances. We obtained all information and explanations sought.

From the information and explanations provided to us and that shown on the Société books, these statements in our opinion accurately present the financial situation of the Société at March 31, 1984 as well as the change in its financial position for the fiscal year then ended according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

CHARETTE, FORTIER, HAWEY & CIE
TOUCHE ROSS & CIE
Chartered Accountants

Montréal, June 22, 1984

SOCIÉTÉ DU PARC INDUSTRIEL ET COMMERCIAL AÉROPORTUAIRE DE MIRABEL

R.S.Q., c. S-16

BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$738	$49 761
Accounts receivable	70 713	72 900
Advance payment (Note 7)	19 250	
	90 701	122 661
INDUSTRIAL AND COMMERCIAL AIRPORT INFRASTRUCTURE (Note 3)	7 591 623	7 438 190
	$7 682 324	$7 560 851
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	$38 271	$34 358
SHAREHOLDER EQUITY		
Capital stock (Note 4)	1 000	1 000
Shareholder participation	7 643 053	7 525 493
	7 644 053	7 526 493
	$7 682 324	$7 560 851

ON BEHALF OF THE BOARD

Ghislain THÉBERGE, director
Yves RANCOURT, director

SOCIÉTÉ DU PARC INDUSTRIEL ET COMMERCIAL AÉROPORTUAIRE DE MIRABEL

STATEMENT OF CHARGES CAPITALIZED TO THE INDUSTRIAL AND COMMERCIAL AIRPORT OF MIRABEL

for the fiscal year ended March 31, 1984

	1984	1983	Cumulative to March 31 1984
FIXED ASSETS			
Industrial infrastructure			
Waste water treatment			$2 242 537
Site development			1 486 865
Downtown Mirabel development			500 000
Development plans, surveying, engineering and project management			558 070
Operation of facilities (Note 5)	$42 305	$41 211	425 954
	42 305	41 211	5 213 426
ADMINISTRATIVE EXPENSES			
Wages, salaries and fringe benefits		80 480	1 335 186
Fees, rent and other charges (Note 6)	111 219	145 293	1 405 052
	111 219	225 773	2 740 238
CHARGES CAPITALIZED to the industrial and commercial airport before subtracting interest on bank deposits	153 524	266 984	7 953 664
Interest on bank deposits	91	21 995	362 041
CHARGES CAPITALIZED to the industrial and commercial airport	$153 433	$244 989	$7 591 623

STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1984

	1984	1983
SOURCE OF FUNDS		
Shareholder funding	$117 560	
APPLICATION OF FUNDS		
Charges capitalized to the industrial and commercial airport	153 433	$244 989
DECREASE IN WORKING CAPITAL	(35 873)	(244 989)
WORKING CAPITAL AT THE BEGINNING	88 303	333 292
WORKING CAPITAL AT YEAR-END	$52 430	$88 303

SOCIÉTÉ DU PARC INDUSTRIEL ET COMMERCIAL AÉROPORTUAIRE DE MIRABEL

NOTES TO FINANCIAL STATEMENTS

at March 31, 1984

1 — CONSTITUTION

Under an umbrella agreement between the governments of Canada and Québec that made provision for the signing of auxiliary agreements on development projects, the Canada-Québec agreement on the industrial and commercial airport of Mirabel 1976-1979 was signed on June 18, 1976. Following this auxiliary agreement, which was subsequently extended to March 31, 1982, the Government formed the Société du parc industriel et commercial aéroportuaire de Mirabel by an Act given assent on June 30, 1976.

An application for the extension of the agreement was submitted to the parties concerned during fiscal 1982; the Government indicated its intention to renew the auxiliary agreement while the federal government made known its intention to withdraw from the Société. The Government, therefore, became the sole shareholder of the Société.

2 — ACCOUNTING POLICIES

Infrastructure

Infrastructure costs include those directly related to various projects as well as Société administrative expenses, less interest on bank deposits.

Shareholder participation

Sums place at the disposal of the Société by the shareholder are shown as participation on the financial statements.

Operating results

For the fiscal year ended March 31, 1984, the Société is at the stage of site development and consequently no statement of operating results is presented.

3 — INFRASTRUCTURE

The site of development projects for the industrial and commercial airport is on land owned by the Government of Canada.

4 — CAPITAL STOCK

	1984	1983
Authorized:		
1 000 common shares, $1 par value		
Outstanding:		
1 000 common shares	$1 000	$1 000

5 — OPERATION OF FACILITIES

For the fiscal year ended March 31, 1984, $100 053 ($72 840 in 1983) was recorded as consideration for the use of certain Société installations. The amount reduces the operating cost of facilities.

Total network operating costs were reduced by the share paid by the Ville de Mirabel, Fondoir Laurentide Inc., and half of the contribution payable by the Société Immobilière Canada (Mirabel).

6 — FEES, RENT AND OTHER CHARGES

The item comprises the secretary-treasurer's fee for part of the year and the cost of electricity, insurance and repairs to infrastructure.

7 — DISPOSAL OF FIXED ASSETS

During the fiscal year the Société disposed of fixed assets costing $59 184. A portion of such assets worth $28 000 was given in consideration for fees payable to a private agency. The remainder was ceded to the shareholder, without consideration.

SOCIÉTÉ DU PORT FERROVIAIRE DE BAIE-COMEAU — HAUTERIVE

S.Q., 1975, c. 48

AUDITOR'S REPORT

I have examined the balance sheet of the Société du port ferroviaire de Baie-Comeau — Hauterive at December 31, 1983 as well as the statement of revenue and expenditure, that of surplus and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at December 31, 1983 as well as its operating results and change in financial position for the fiscal year then ended according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, February 17, 1984

SOCIÉTÉ DU PORT FERROVIAIRE DE BAIE-COMEAU — HAUTERIVE

S.Q., 1975, c. 48

BALANCE SHEET

as at December 31, 1983

	1983	1982 (Note 4)
ASSETS		
CURRENT ASSETS		
Cash	$64 689	$35 141
Accounts receivable	113 899	103 676
Prepaid expenses	2 029	2 302
	180 617	141 119
RAILPORT COMPLEX (Note 3)		
Charges capitalized	9 567 048	9 564 168
Less: Contributions	7 831 772	7 831 772
	1 735 276	1 732 396
Accumulated depreciation	386 905	316 055
	1 348 371	1 416 341
	$1 528 988	$1 557 460
LIABILITIES		
CURRENT LIABILITIES		
Bank loan	$450 000	$1 200 000
Accounts payable and accrued charges	46 652	12 222
Municipal and school taxes and accrued interest	583 983	383 141
	1 080 635	1 595 363
SURPLUS (DEFICIT)	448 353	(37 903)
	$1 528 988	$1 557 460

ON BEHALF OF THE BOARD OF DIRECTORS

Maurice BOUTIN
Sylva LORD

SOCIÉTÉ DU PORT FERROVIAIRE DE BAIE-COMEAU — HAUTERIVE

REVENUE AND EXPENDITURE
for the fiscal year ended December 31, 1983

	1983	1982 (Note 4)
REVENUE		
Tolls	$1 360 526	$1 217 854
Other	6 372	475
	1 366 898	1 218 329
EXPENDITURE		
Operating and administrative expenses		
Services	293 120	311 472
Management contract	42 000	38 000
Municipal and school taxes	122 036	128 995
Insurance	25 195	31 750
Maintenance, repairs and electricity	102 763	60 395
Wages and salaries, fringe benefits and directors' fees	9 041	6 304
Travel, professional fees and other expenses	39 350	27 031
	633 505	603 947
Interest on bank loan	97 481	242 447
Interest on municipal and school taxes	78 806	47 529
	176 287	289 976
	809 792	893 923
SURPLUS REVENUE OVER EXPENDITURE BEFORE DEPRECIATION	557 106	324 406
Depreciation on the railport complex	70 850	74 544
SURPLUS REVENUE OVER EXPENDITURE	$486 256	$249 862

SURPLUS
for the fiscal year ended December 31, 1983

	1983	1982 (Note 4)
SURPLUS (DEFICIT) AT THE BEGINNING		
Balance carried forward	$327 695	($75 315)
Adjustment — municipal and school taxes for 1980, 1981 and 1982 including interest (Note 4)	(365 598)	(212 450)
Adjusted balance	(37 903)	(287 765)
SURPLUS REVENUE OVER EXPENDITURE	486 256	249 862
SURPLUS (DEFICIT) AT YEAR-END	$448 353	($37 903)

SOCIÉTÉ DU PORT FERROVIAIRE DE BAIE-COMEAU — HAUTERIVE

CHANGE IN FINANCIAL POSITION
for the fiscal year ended December 31, 1983

	1983	1982 (Note 4)
SOURCE OF FUNDS		
Surplus revenue over expenditure before depreciation	$557 106	$324 406
Professional fees assumed by the Government		14 476
	557 106	338 882
APPLICATION OF FUNDS		
Railport complex — net	2 880	11 476
DECREASE IN WORKING CAPITAL DEFICIT	554 226	327 406
WORKING CAPITAL DEFICIT AT THE BEGINNING	1 454 244	1 781 650
WORKING CAPITAL DEFICIT AT YEAR-END	$900 018	$1 454 244

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

1 — CONSTITUTION AND SCOPE OF ACTIVITY

A non-profit corporation founded under a special Act and governed by Part 3 of the Companies Act, the Société is responsible for operating the railport complex located at Baie-Comeau.

2 — ACCOUNTING POLICY

Railport complex

After contributions have been subtracted, charges capitalized to the railport complex made up of a dock and attendant installations are amortized at a rate of 5% annually on the diminishing balance.

3 — RAILPORT COMPLEX

	1983	1982
Charges to be capitalized	$9 567 048	$9 564 168
Less: contributions		
Ville de Baie-Comeau	500 000	500 000
Ville de Hauterive	500 000	500 000
Canadian National Railways	1 000 000	1 000 000
Government of Canada	2 000 000	2 000 000
Gouvernement du Québec	3 831 772	3 831 772
	7 831 772	7 831 772
	$1 735 276	$1 732 396

Land on which the Société operates belongs to the governments of Canada and Québec and to the Compagnie de Papier Q.N.S. Limitée. Government of Canada land is covered by a 20-year lease expiring January 1, 1977 and that owned by the Compagnie de Papier Q.N.S. Limitée is rented under a lease that expires October 31, 1986 but which is automatically renewed every five years under the same terms unless one party indicates its intention to put and end to the arrangement upon a year's notice. No formal agreement has yet been reached with respect to land owned by the gouvernement du Québec.

4 — RETROACTIVE ADJUSTMENT

An agreement was reached on February 14, 1984 concerning municipal and school taxes for 1980, 1981 and 1982 that the Société had been challenging.

Municipal and school taxes along with accrued interest that were not recorded at December 31, 1982 detail as follows:

Taxes		
1980	$98 703	
1981	113 747	$212 450
1982		105 619
		318 069
Accrued interest		47 529
		$365 596

The adjustment at December 31, 1982 in the amount of $365 596 has been posted retroactively, with comparative figures for 1982 altered accordingly.

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

R.S.Q., c. S-17

AUDITOR'S REPORT

To the Société générale
de financement du Québec shareholder:

We have examined the consolidated balance sheet of the Société générale de financement du Québec at December 31, 1983 and the consolidated statements of operating results, retained earnings and of change in financial position for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial situation of the Société générale de financement du Québec at December 31, 1983 as well as its operating results and the change in its financial position for the fiscal year then ended, according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

SAMSON BÉLAIR
Chartered Accountants

Montréal, February 28, 1984

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

R.S.Q., c. S-17

CONSOLIDATED BALANCE SHEET

at December 31
($ THOUSANDS)

	1983	1982
CURRENT ASSETS		
Cash and term deposits	105 106	98 550
Accounts receivable	155 570	141 585
Contracts in progress and inventories (Note 2)	81 789	96 156
Prepaid expenses	1 720	1 757
	344 185	338 048
OTHER ASSETS		
Holdbacks receivable	2 584	4 626
Investments (Note 3)	167 638	157 982
Fixed assets less depreciation of $203 078 000 ($169 183 000 in 1982)	496 577	491 339
Goodwill	2 377	3 820
Deferred exchanges losses (Note 4)	17 686	
	686 862	657 767
	1 031 047	995 815
CURRENT LIABILITIES		
Bank indebtedness (Note 5)	29 425	48 707
Accounts payable	118 308	114 783
Deferred revenue and deposits on contracts	3 529	8 920
Income tax	4	7 480
Current portion of long-term debt	29 330	17 578
	180 596	197 468
OTHER LIABILITIES		
Long-term debt (Note 6)	351 960	308 145
Deferred income tax	47 854	50 696
Minority shareholders' interest	179 520	202 794
	579 334	561 635
SHAREHOLDER EQUITY		
Capital stock (Note 7)	225 325	195 665
Contributed surplus	2 510	2 510
Retained earnings	43 282	38 537
	271 117	236 712
	1 031 047	995 815

ON BEHALF OF THE BOARD

J.C. LEBEL, director
Fernand PARÉ, director

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

CONSOLIDATED STATEMENT OF OPERATING RESULTS

for the fiscal year ended December 31

($ THOUSANDS)

	1983	1982
REVENUE FROM OPERATIONS	852 892	829 770
Profit before the following:	83 093	87 030
Depreciation on fixed assets	36 855	27 407
Other depreciation	956	823
Interest and charges on long-term debt	37 181	35 729
Interest and charges on short-term debt	3 599	11 600
	78 591	75 559
Operating profit	4 502	11 471
Add:		
Investment earnings	11 148	14 805
Share in profit (loss) of affiliates	7 706	(815)
	18 854	13 990
Less:		
Income tax	3 017	16 078
Profit before extraordinary items and minority shareholders' interest	20 339	9 383
Extraordinary items (Note 8)	112	5 114
Profit before minority shareholders' interest	20 451	14 497
Minority shareholders' interest	15 130	24 906
PROFIT (LOSS) FOR THE YEAR	5 321	(10 409)

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the fiscal year ended December 31

($ THOUSANDS)

	1983	1982
Retained earnings at the beginning	38 537	48 946
Profit (loss) for the year	5 321	(10 409)
Adjustment for the cumulative conversion of an affiliate's foreign currency	(576)	
Retained earnings at year-end	43 282	38 537

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended December 31

($ THOUSANDS)

	1983	1982
SOURCE OF FUNDS		
Funds from operations before extraordinary items (Note 9)	48 513	39 945
Issue of common stock	29 660	58 000
Increase in minority shareholders' interest		36 638
Net increase in long-term debt	27 104	
Dividends from unconsolidated affiliates	3 881	5 821
Decrease in holdbacks receivable	2 042	2 474
Realization of investments (less working capital of $1 917 000 in 1983)	1 452	5 412
Write-off of an advance	1 280	
	113 932	148 290
APPLICATION OF FUNDS		
Decrease in minority shareholders' interest	9 281	
Acquisition of fixed assets (net)	45 065	89 635
Increase in investments (net)	2 340	
Premium redemption of an affiliate's preferred shares	3 232	
Increase in the share of an affiliate	30 953	
Decrease in long-term debt (net)		112 257
Miscellaneous	52	150
	90 923	202 042
INCREASE (DECREASE) IN WORKING CAPITAL	23 009	(53 752)
WORKING CAPITAL AT THE BEGINNING	140 580	194 332
WORKING CAPITAL AT YEAR-END	163 589	140 580

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS

for the fiscal year ended December 31, 1983

1 — SUMMARY OF MAJOR ACCOUNTING POLICIES

(a) Consolidation

The consolidated financial statements include the accounts of all subsidiaries and affiliates in which the Société générale de financement (SGF) plays an active role on the decisional level. These companies and the SGF share in them detail as follows:

	% Share	
	1983	1982
Dofor inc.	85	85
Donohue inc. and its subsidiaries*	56	
Marine Industrie Limitée and its subsidiary	65	65
Ethylec inc.**	100	100
Cegelec Enterprises inc. and its subsidiary	50	50
Forano inc.	100	100
Cegelec Industrie inc. and its subsidiary	50	50
Volcano inc.	100	100
Industries Tanguay inc.	99	99
Artopex Canada ltée and its subsidiary	60	60
Bio-Méga inc. and its subsidiary	100	100
John Meunier inc. and its subsidiary	50	63
Société de Montage Automobile-Soma inc.	100	100
Sofobec ltée		100

The operating results of subsidiaries and affiliates are included in the consolidated results as of the acquisition or sale of the SGF share in such companies.

* The SGF acquired a 23.6% interest in 1983 in Donohue inc. following redemption of the interest held by La Cellulose du Pin S.A., bringing the SGF share to 55.5%. Donohue was consolidated into Dofor inc. in 1982, giving the SGF an overall participation of 46.6%.

** This subsidiary's accounts represent the SGF share in Pétromont, a partnership, and Pétromont inc. and are recorded according to the equity method.

(b) Investments

Investments in other companies of which the SGF holds sufficient shares to exercise an influence on decisions are presented at their equity value. All other investments are shown at cost, less any provision for losses.

(c) Inventories

Supplies are inventoried at the lesser of average cost and net realization value.

(d) Fixed assets and depreciation

Fixed assets are entered at their cost of acquisition, less any related subsidies. Almost all depreciation is charged according to the straight-line method over the anticipated service life of an asset.

(e) Goodwill

Goodwill is amortized according to the straight-line method over twenty and forty years.

(f) Income tax

Profits of the SGF and its wholly-owned subsidiaries are not subject to income tax. Companies subject to tax make use of income tax deferral. Deferred tax mainly results from the difference between capital cost allowances claimed for tax purposes and depreciation recorded on the books.

(g) Recording revenue

Revenue is entered when the products are delivered or the services provided. However, a subsidiary whose main activity is construction records revenue according to the progress of work on a project.

Where losses can be projected, provision is set aside for such on the books.

(h) Foreign currency

Current assets and liabilities are expressed in terms of Canadian dollars at the exchange rate in effect at the end of the fiscal year. Other asset and liability items are converted at the rate in effect when the transaction occurs.

Exchange gains and losses on long-term monetary holdings are deferred and amortized on a constant basis over the remaining life of the asset or liability item. Other gains or losses on foreign exchange are charged to operations for the year.

Items other than depreciation that have an impact on operating results are converted at the average exchange rate for the fiscal year.

2 — CONTRACTS IN PROGRESS AND INVENTORIES

	1983	1982
	($ THOUSANDS)	($ THOUSANDS)
Contracts in progress, at cost	147 675	132 382
Less:		
Current invoicing	168 721	143 205
	(21 046)	(10 823)
Inventories	102 835	106 979
	81 789	96 156

3 — INVESTMENTS

	1983		1982	
	% Share	($ THOUSANDS)	% Share	($ THOUSANDS)
Investments, at equity value				
SGF				
Nouveler inc.	35%	3 134	35%	1 440
Investissements Novacap inc.	25%	2 388	25%	1 106
DOFOR inc.				
Domtar inc.	21%	142 045	21%	139 722
J.E. Therrien inc.	49%	7 322	49%	7 159
		154 889		149 427
Investments, at cost				
Bombardier inc. (market value of $6 175 000)	6%	6 262	6%	7 122
Selling price balance due in 1985 and 1986		5 137		
Other		1 350		1 433
		12 749		8 555
		167 638		157 982

NOTES TO FINANCIAL STATEMENTS (cont'd)
for the fiscal year ended December 31, 1983

4 — DEFERRED EXCHANGE LOSSES

In 1983 a subsidiary changed its recording of exchange gains and losses on the conversion long-term monetary assets and liabilities. Under the new method, all monetary asset and liability items are expressed in Canadian currency at the year-end rate of exchange.

The effect of the change was to increase long-term debt by $17 686 000. The amount will be amortized on a constant basis over the remaining term of the debt.

5 — BANK INDEBTEDNESS

Advances from banks are secured by the assignment of accounts receivable, inventories and certain other assets for a book value of $77 000 000.

6 — LONG-TERM DEBT

	1983 ($ THOUSANDS)	1982 ($ THOUSANDS)
SGF:		
Notes payable to shareholder, $10^{1}/_{4}\%$, due from 1988 through 1992	15 000	15 000
Selling price balance, 11%, payable in two equal instalments in 1984 and 1985	15 476	
	30 476	15 000
Subsidiaries:		
Bonds and debentures		
* Sinking fund bonds, bearing rates from 10% to $11^{1}/_{8}\%$, maturing in 1997	139 508	132 714
Guaranteed bonds, at $^{5}/_{8}\%$ over prime, maturing in 1995	110 975	108 000
Bonds, $11^{1}/_{8}\%$, payable by variable annual instalments, maturing in 1991	9 380	10 010
Sinking fund bonds, at $6^{3}/_{4}\%$ to 7%, maturing 1984 through 1988	1 366	1 416
Sinking fund debentures, at $6^{1}/_{2}\%$ to $11^{7}/_{8}\%$, maturing 1984 through 1992	12 744	13 375
Guaranteed debentures, at $1^{1}/_{2}\%$ over prime, maturing in 1985	468	424
	274 441	265 939
Other:		
Notes payable, at various rates and dates due	68 309	40 459
Mortgages, royalties and miscellaneous	8 064	4 325
	76 373	44 784
Total debt	381 290	325 723
Less current portion	29 330	17 578
	351 960	308 145

* Reimbursement is guaranteed by the Government.

Total long-term debt in the amount of $351 960 000 includes $177 778 000 in U.S. funds (Note 4).

Payments on the long-term debt over the next five years detail as follows:

1984	$29 330 000
1985	38 879 000
1986	31 902 000
1987	29 104 000
1988	33 707 000

7 — CAPITAL STOCK

SGF shares are held by the Government.

	1983 ($ THOUSANDS)	1982 ($ THOUSANDS)
Authorized ($10 par value): 41 500 000 common shares (26 500 000 in 1982)		
Issued and paid-up: 22 532 502 common shares (of which 2 966 000 for cash during 1983)	225 325	195 665

During 1984, the Government will subscribe 1 000 000 common shares and pay the SGF $10 000 000. It also has until December 31, 1985 to pay an additional $34 334 980 for 3 433 498 common shares it could subscribe.

The Government may also subscribe up to 15 000 000 common shares and pay $150 000 000 as SGF participation in the financing of an aluminum smelter to be established in the Bécancour region. To this end, $4 660 000 was paid for 466 000 shares during fiscal 1983.

8 — EXTRAORDINARY ITEMS

	1983 ($ THOUSANDS)	1982 ($ THOUSANDS)
Gain resulting from a reduction of income tax on reporting losses from former years, of which $341 000 represents minority shareholders' interest ($1 181 000 in 1982)	930	2 720
Gain resulting from the write-off of an advance	1 260	
Gain on the sale of investments	1 134	2 394
Premium paid upon redemption of a subsidiary's preferred shares, of which $491 000 represents minority shareholders' interest	(3 232)	
	112	5 114

NOTES TO FINANCIAL STATEMENTS (cont'd)

for the fiscal year ended December 31, 1983

9 — FUNDS FROM OPERATIONS

	1983 ($ THOUSANDS)	1982 ($ THOUSANDS)
Net profit (loss) for the year before extraordinary items	5 209	(15 523)
Items having no impact on working capital:		
Depreciation on fixed assets	36 855	27 407
Other depreciation	956	823
Unrealized intercompany profit	468	
Gain on the disposal of fixed assets	(487)	(162)
Deferred income tax	(1 912)	1 679
Share in the losses (profits) of subsidiaries	(7 706)	815
Minority shareholders' interest	15 130	24 906
	48 513	39 945

10 — COMMITMENTS

Purchase of a subsidiary's preferred shares

Under the terms of an agreement reached in 1982, the SGF made a commitment toward the minority shareholder of a subsidiary to ensure it respects its charter in buying back preferred shares issued, providing it has sufficient liquidity. Related provisions call for the redemption of $30 000 000 of class "B" preferred shares in two equal payments on December 31, 1991 and 1992 at 175% of book value on an unconsolidated basis.

Redemption premiums will be posted to SGF consolidated operating results at the time of the subsidiary's payment.

Aluminum smelter in Bécancour

Under the terms of a draft agreement signed in June 1983, the SGF is commited to participate in the establishment of an aluminum smelter in Bécancour for $^{1}/_{3}$ of joint ownership with the French company Pechiney. That interest was reduced to 24.95% on February 7, 1984 under a contract to which the SGF, Pechiney and the American company Alumax Inc. are parties whereby Alumax and Pechiney will participate to the extent of 24.95% and 50.1% respectively.

The smelter will have a production capacity of 230 000 metric tonnes annually, with operations beginning in 1987.

The project is estimated to cost a total of $1.4 billion to be assumed by each participant according to its share of ownership, which in the case of SGF will be financed through the subscription of up to $150 000 000 of its capital stock by the shareholder and a bank loan of up to $215 000 000 guaranteed by the Government until completed, on condition certain standards are met.

Donohue inc.

The company began construction in 1983 of a thermomechanical pulp mill and facilities attendent to its newsprint plant in Clermont, Québec. The total cost, estimated at $120 000 000, will be financed as follows:

(1) through the issue of 2 050 000 common shares at $20.75 each for a sum of $42 537 500; the shares were issued and paid in 1983;

(2) through a bank loan for a maximum of $60 000 000 to be repaid over a period of up to ten years;

(3) by a Government subsidy equal to 20% of the capital cost of the project.

The company secured an line of credit of $20 000 000 for interim funding of any delay in subsidy payments.

Ethylec inc.

Pétromont, a partnership affiliated to Ethylec inc. (Note 1a), could be held liable in certain circumstances for the reimbursement of financial assistance in the amount of $30 000 000 received from the governments of Canada and Québec in 1983.

Other

The SGF has also become guarantor of commitments by some subsidiaries in joint ventures as well as to certain insurance companies.

Leases

Major leases under which the companies are presently commited through 1990 amount to $4 573 000. Annual payments detail as follows: 1984, $1 758 000; 1985, $1 434 000; 1986, $801 000; 1987, $201 000; 1988, $166 000; 1989-1990, $213 000.

11 — BUSINESS WITH GOVERNMENT CORPORATIONS

In the normal course of affairs, some member-firms of the Groupe SGF made sales to other Government corporations. These transactions took place on a regular business basis.

SOCIÉTÉ GÉNÉRALE DU CINÉMA

S.Q., 1983, c. 37

AUDITOR'S REPORT

I have examined the statement of assets and liabilities of the Société générale du cinéma at March 31, 1984 as well as that of revenue and expenditure for the period December 14, 1983 to March 31, 1984. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1984 and its operating results for the period December 14, 1983 to March 31, 1984 according to the accounting policies in Note 2.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, June 8, 1984

SOCIÉTÉ GÉNÉRALE DU CINÉMA

S.Q., 1983, c. 37

ASSETS AND LIABILITIES

as at March 31, 1984

ASSETS

Cash and short-term deposits	$729 594
Accrued interest on short-term deposits	310
Accounts receivable	15 229
Building acquired in settlement of debts (Note 3)	175 000
	$920 133

LIABILITIES

Accounts payable and accrued charges	$116 171
Payments to be made under aid programs	1 850 411
Balance owed on building acquired in settlement of debts (Note 3)	75 991
	2 042 573
SURPLUS EXPENDITURE OVER REVENUE FOR THE PERIOD TRANSFERRED TO NEXT FISCAL YEAR	1 122 440
	$920 133

COMMITMENT (Note 6)
CONTINGENT LIABILITIES (Note 7)

ON BEHALF OF THE SOCIÉTÉ

Jean-Guy DÉCARIE
Honey A. DRESHER

SOCIÉTÉ GÉNÉRALE DU CINÉMA

REVENUE AND EXPENDITURE
for the period December 14, 1983 to March 31, 1984

REVENUE	
Subsidy from the Government	$80 000
Interest on short-term deposits	6 266
Cancellation of aid programs transferred from the Institut québécois du cinéma	41 665
Return on investments under aid programs:	
Capital reimbursed	65 584
Earnings cashed	610
Miscellaneous	879
	195 004
EXPENDITURE	
Institut québécois du cinéma deficit at February 19, 1984 assumed by the Société	458 867
Aid programs (Note 4)	
Production	511 797
Promotion, distribution, showing	13 259
Operations	2 728
Scenarios	27 000
Special projects	105 258
	660 042
Administrative expenses (Note 5)	198 535
	1 317 444
SURPLUS EXPENDITURE OVER REVENUE FOR THE PERIOD TRANSFERRED TO NEXT FISCAL YEAR	$1 122 440

SOCIÉTÉ GÉNÉRALE DU CINÉMA

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — CONSTITUTION AND SCOPE OF ACTIVITY

A corporation within the meaning of the Civil Code, the Société was founded under the Cinema Act (S.Q., 1983, chapter 37) given assent on June 23, 1983 and whose sections constituting the Société came into force on December 14, 1983. The Société acquires the rights of the Institut québécois du cinéma (R.S.Q., c. C-18) and assumes its commitments as of February 20, 1984 (see the reminder at the bottom of the page).

The Société's purpose is to:

- recognize Québec films according to established standards;
- promote or financially aid the creation of cinematographic works and the production of recognized Québec films;
- promote or financially aid the distribution and showing of Québec films and the development of technical support for the film industry;
- promote or financially aid the Québec film industry through the showing of its films at festivals and other cinematographic events and promote cinematographic culture in Québec;
- encourage the participation of television companies in the production and showing of Québec films; and
- promote or financially aid training, research, development and innovation in the film area.

(Section 63 which came into force on April 1, 1984)

Société activities began January 1, 1984.

2 — ACCOUNTING POLICIES

Société financial statements were prepared by management, given the framework and relative importance of accounting practice summarized as follows:

Fixed assets

The purchase of furniture and equipment as well as the cost of leasehold improvements are charged to operations.

Aid programs

Subsidies, loans, advances and financial participation are posted to expenditure on the date of formal acceptance by the aid applicant. Bank guarantees accorded are shown as contingent liabilities, charged to expenditure when the resulting loss may be determined with sufficient precision.

Revenue

The return (capital and interest) on loans, advances and financial participation is recorded on a cash basis.

3 — BUILDING ACQUIRED IN SETTLEMENT OF DEBTS

The Société is owner of a building acquired pursuant to a court decision. The asset is recorded at the value of $175 000 set by a firm of chartered appraisers. Since the Société intends to dispose of the building, no allowance has been made for depreciation on it.

The mortgage of $11\frac{3}{4}\%$ annually on the building is payable by monthly instalments of $1 497, including capital, interest and taxes, and comes due on November 1, 1984. Net rental income from building operations is recorded as return on investment.

The Société accepted a purchase offer on June 1, 1984 in the amount of $160 000.

4 — AID PROGRAMS

Financial aid awarded by the Société during the period took the form of:

Subsidies	$120 852
Investments:	
Bank loan guarantee	216
Advances	10 393
Participation	528 581
	539 190
	$660 042

5 — ADMINISTRATIVE EXPENSES

Directors' fees	$2 330
Wages, salaries and fringe benefits	84 025
Termination premiums	31 809
Professional fees	24 866
Travel	4 872
Rental of premises	11 441
Maintenance and repairs	1 600
Advertising and public information	4 291
Supplies	6 538
Communications	4 303
Equipment rental	831
Furniture, fixtures and leasehold improvements	357
Interest	180
	177 443
Attendant charges:	
Jury members' fees	19 075
Participation at film festivals	1 507
Film library	510
	21 092
	$198 535

6 — COMMITMENT

The Société is committed to the rental of office space under the terms of a lease that expires September 30, 1991. Minimum rent payments, which include certain related charges, for the next five fiscal years amount to $94 000 yearly.

7 — CONTINGENT LIABILITIES

The Société assumes contingent liabilities in the amount of $190 000 at March 31, 1984 for bank loan guarantees accorded under aid programs. Short-term deposits in that amount owned by the Société are held as collateral.

N.B.: Financial statements of the Institut québécois du cinéma are published on pages 159 to 162.

SOCIÉTÉ INTER-PORT DE QUÉBEC

R.S.Q., c. S-18

AUDITORS' REPORT

To shareholders of the
Société Inter-Port de Québec:

We have examined the balance sheet of the Société Inter-Port de Québec at March 31, 1984 as well as the statement of operating results, that of cumulative surplus, contributed surplus and that of working capital for the fiscal year then ended. We obtained all information and explanations sought. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

From the information and explanations provided to us and that shown on Société books, these statements in our opinion accurately present the financial situation of the Société at March 31, 1984 as well as its operating results for the year then ended according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

POISSANT RICHARD/THORNE RIDDELL
Chartered Accountants

Québec, April 26, 1984

SOCIÉTÉ INTER-PORT DE QUÉBEC

R.S.Q., c. S-18

BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
CURRENT ASSETS		
Cash	$76 036	$1 600 000
Term deposits	225 600	3 528
Accounts receivable	350	17 065
Accrued interest receivable	1 699	
Subsidy receivable	398 000	
Investment in shares — CEBEC Inc.		24 000
	701 685	1 644 593
INVESTMENT		
Investment in shares — Gestion Électromec inc.	400 000	
FIXED ASSETS (Note 3)		
Land — Pointe-de-la-Martinière, furniture, equipment and leasehold improvements	2 462 125	2 105 342
Less: accumulated depreciation	25 582	8 415
	2 436 543	2 096 927
	$3 538 228	$3 741 520
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft		$1 467
Accounts payable and accrued charges	$32 227	2 632
	32 227	4 099
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
Authorized:		
1 000 common shares, $1 par value		
Issued:		
1 000 shares	1 000	1 000
CONTRIBUTED SURPLUS	3 598 000	3 200 000
CUMULATIVE SURPLUS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	(92 999)	536 421
	3 506 001	3 737 421
	$3 538 228	$3 741 520

ON BEHALF OF THE BOARD OF DIRECTORS

J.F. BOURASSA, director
Marc LEFRANÇOIS, director

SOCIÉTÉ INTER-PORT DE QUÉBEC

CUMULATIVE SURPLUS

for the fiscal year ended March 31, 1984

	1984	1983
CUMULATIVE SURPLUS REVENUE OVER EXPENDITURE AT THE BEGINNING	$536 421	$311 824
Surplus expenditure over revenue	(629 420)	224 597
SURPLUS EXPENDITURE OVER REVENUE AT YEAR-END	($92 999)	$536 421

CONTRIBUTED SURPLUS

for the fiscal year ended March 31, 1984

	1984	1983
BALANCE AT THE BEGINNING	$3 200 000	$2 000 000
Subsidy — Canada-Québec auxiliary agreement		
for the acquisition of Pointe-de-la-Martinière land		1 200 000
for the acquisition of investments	398 000	
BALANCE AT YEAR-END	$3 598 000	$3 200 000

SOCIÉTÉ INTER-PORT DE QUÉBEC

OPERATING RESULTS
for the fiscal year ended March 31, 1984

	1984	1983
REVENUE		
Subsidies		$484 200
Interest earned	$99 250	133 049
	99 250	617 249
EXPENDITURE		
General and administrative expenses	492 816	286 512
Research costs	103 029	70 301
Advertising and printing	122 971	33 617
	718 816	390 430
	(619 566)	226 819
OTHER EXPENDITURE		
Surplus expenditure over revenue — Pointe-de-la-Martinière project	9 854	2 222
SURPLUS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	($629 420)	$224 597

SOCIÉTÉ INTER-PORT DE QUÉBEC

WORKING CAPITAL
for the fiscal year ended March 31, 1984

	1984	1983
SOURCE OF WORKING CAPITAL		
Operations:		
Surplus revenue over expenditure		$224 597
Item not affecting working capital:		
Depreciation on fixed assets		8 415
		233 012
Increase in contributed surplus	$398 000	1 200 000
	398 000	1 433 012
APPLICATION OF WORKING CAPITAL		
Operations:		
Surplus expenditure over revenue	629 420	
Item not affecting working capital:		
Depreciation on fixed assets	17 167	
	612 253	
Acquisition of an investment	400 000	
Acquisition of fixed assets	356 783	1 659 165
	1 369 036	1 659 165
DECREASE IN WORKING CAPITAL	971 036	226 153
WORKING CAPITAL AT THE BEGINNING	1 640 494	1 866 647
WORKING CAPITAL AT YEAR-END	$669 458	$1 640 494

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — SCOPE OF ACTIVITY

Under its founding Act, the purpose of the Société Inter-Port de Québec is to:

(a) design programs and plans for the establishment of an industrial complex in the Québec City area that would be able to take advantage of port facilities and contribute to their development;

(b) undertake the work necessary to implement the plans and programs so designed and engage in industrial, commercial and other activity so as to contribute to the development of an industrial complex.

The Société may call upon the services of any person or firm in the carrying out of these purposes.

Under an Order in Council, the Société has been made responsible for:

(a) preparing plans and projects with a view to stimulating the industrial development of the Québec City area by undertaking industrial selection and feasibility studies and preparing documents promoting industry;

(b) placing the documentation it has prepared for industrial promotion at the disposal of interested regional parties, industrial commissioners in particular;

(c) acquiring and servicing industrial sites located alongside the Saint Lawrence River and providing assistance to municipalities in the development of other industrial sites in the region;

(d) promoting industrial projects by placing the accent on those forming parts of the complex that would benefit from port facilities and coordinating efforts with industrial commissioners of the region;

(e) exercising commercial or industrial activities directly by associating itself with any person or firm.

2 — ACCOUNTING PRACTICE

(a) Accrual method

Transactions are recorded on the accrual basis, except:

(i) no advance payment is recorded for insurance, postage, stationery and office supplies;

(ii) no accrued charge is recorded for vacation time.

(b) Fixed assets

Fixed assets are recorded at cost price. The cost of land at Pointe-de-la-Martinière includes the cost of acquisition and attendant charges such as notaries' and surveyors' fees, landscaping and others.

Depreciation on furniture and equipment is charged on the diminishing balance at a 20% annual rate. Leasehold improvements are depreciated using the straight-line method over the term of the lease.

(c) Contributed surplus

All amounts received since February 1, 1982 as subsidy from the provincial and federal governments under the Canada-Québec auxiliary agreement for the acquisition and development of industrial land at Pointe-de-la-Martinière and for its servicing as well as any Société participation in industrial projects are recorded as contributed surplus.

3 — FIXED ASSETS

	1984			1983
	Cost Price	Accumulated Depreciation	Net	Net
Land: Pointe-de-la-Martinière	$2 377 542		$2 377 542	$2 063 268
Furniture and equipment	70 084	$20 749	49 335	33 659
Leasehold improvements	14 499	4 833	9 666	
	$2 462 125	$25 582	$2 436 543	$2 096 927

4 — CONTINGENT RECOVERY

Under an agreement signed during fiscal 1981, the Société made a commitment to participate financially up to $20 000 in a feasibility study of an installation for processing oleaginous plants. This financial assistance is subject to certain conditions which, if they are not met, will mean that the investment of $16 992 at March 31, 1984 may be recovered.

5 — COMMITMENT

Under a lease expiring July 31, 1986, the Société rents a building for the minimum annual rent of $47 880. Total minimal rent payable to the term of the lease is $111 720.

N.B.: As indicated on page 8-13 of Volume 1 of the Public Accounts for the fiscal year ended March 31, 1984, Société Inter-Port de Québec shares are held in a proportion of 60% by the gouvernement du Québec and 40% by the Government of Canada.

SOCIÉTÉ NATIONALE DE L'AMIANTE

R.S.Q., c. S-18.2

AUDITORS' REPORT

To the minister responsible for the
Société nationale de l'Amiante:

We have examined the consolidated balance sheet of the Société nationale de l'amiante at March 31, 1984 as well as the consolidated statement of operating results, that of deficit and contributed surplus and that of change in financial position for the fiscal year ended March 31, 1983. We obtained all the information and explanations sought. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

From the information and explanations provided to us and that shown on the Société books, these statements in our opinion accurately present its operating results and change in financial position for the fiscal year ended March 31, 1984 as well as its financial situation on that date, according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

MAHEUX NOISEUX
Chartered Accountants

Thetford Mines, May 18, 1984

SOCIÉTÉ NATIONALE DE L'AMIANTE

R.S.Q., c. S-18.2

CONSOLIDATED BALANCE SHEET
as at March 31, 1984

($ THOUSANDS)

	1984	1983
ASSETS		
CURRENT ASSETS		
Cash and term deposits	25 833	22 198
Accounts receivable	37 822	39 247
Inventories (Note 4)	59 210	95 633
Prepaid expenses	2 862	2 397
	125 727	159 475
INVESTMENTS		
Investments in companies subject to significant influence (Note 5)	4 126	3 194
Other investments, at cost	1 064	1 956
	5 190	5 150
FIXED ASSETS (Note 6)	156 567	154 708
OTHER ASSETS (Note 7)	42 672	40 210
	330 156	359 543
LIABILITIES		
CURRENT LIABILITIES		
Bank loans (Note 8)	55 211	74 705
Accounts payable and accrued charges	29 094	25 994
Other current liability (Note 9)	6 485	
Long-term debt payments due within a year	4 767	3 330
	95 557	104 029
LONG-TERM DEBT (Note 10)	60 176	52 738
	155 733	156 767
DEFERRED INCOME TAX	10 889	20 783
MINORITY SHAREHOLDER INTEREST	130 731	151 037
SHAREHOLDER EQUITY		
Capital stock (Note 11)	59 754	49 097
Contributed surplus	2 500	
Deficit	(29 451)	(18 141)
	32 803	30 956
	330 156	359 543

CONTINGENT LIABILITIES (Note 14)

ON BEHALF OF THE BOARD OF DIRECTORS

André SAUMIER, director
Daniel PERLSTEIN, director

SOCIÉTÉ NATIONALE DE L'AMIANTE

CONSOLIDATED STATEMENT OF OPERATING RESULTS
for the fiscal year ended March 31, 1984

($ THOUSANDS)

	1984	1983
COMMERCIAL OPERATIONS		
Sales	143 598	157 278
Operating loss (Note 16)	(8 077)	(13 581)
DEVELOPMENT		
Undeferred development charges on industrial projects	347	3 841
General research costs	535	704
Administrative expenses	1 505	1 495
	2 387	6 040
Interest earned on term deposits	333	778
Cost of development activities	2 054	5 262
FIRM ACQUISITIONS		
Financing costs	927	1 231
LOSS BEFORE EXTRAORDINARY ITEM	(11 058)	(20 074)
Extraordinary item (Note 3)	(252)	3 274
NET LOSS	(11 310)	(16 800)

CONSOLIDATED STATEMENT OF DEFICIT AND CONTRIBUTED SURPLUS
for the fiscal year ended March 31, 1984

($ THOUSANDS)

	1984	1983
CONSOLIDATED DEFICIT		
Balance at the beginning	(18 141)	(1 341)
Net loss	(11 310)	(16 800)
Balance at year-end	(29 451)	(18 141)
CONSOLIDATED CONTRIBUTED SURPLUS		
Contributed surplus from the increase in value of plant acquired	2 500	—

SOCIÉTÉ NATIONALE DE L'AMIANTE

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1984

($ THOUSANDS)

	1984	1983
SOURCE OF FUNDS		
Net loss	(11 310)	(16 800)
Items requiring no movement of funds:		
Depreciation on fixed and other assets	12 261	13 051
Undeferred development charges on industrial projects	347	3 841
Deferred income tax	(11 856)	(11 782)
Minority shareholders' share of losses of certain subsidiaries	(20 184)	(17 491)
Share in the net profit of companies subject to significant influence	(509)	(114)
Loss on the sale of investments and fixed assets	66	(3 271)
Funds from (used for) operations	(31 185)	(32 566)
Issue of capital stock	10 657	12 200
Long-term borrowings	11 808	11 823
Contributed surplus — added value on acquisition	2 500	
Sale of investments and fixed assets	79	6 763
Receipts on long-term loans and miscellaneous	3 303	134
	(2 838)	(1 646)
APPLICATION OF FUNDS		
Investment by sector: (Detail p. 405)		
Mines	3 912	4 421
Asbestos-cement products	2 407	1 625
Asbestos paper	431	651
Wire and friction materials	831	1 559
Magnesium	4 832	8 120
New products	2 698	1 749
	15 111	18 125
Decrease in long-term debt	4 371	6 811
Miscellaneous, including added value on acquisition	2 956	2 216
	22 438	27 152
DECREASE IN WORKING CAPITAL	(25 276)	(28 798)
WORKING CAPITAL AT THE BEGINNING	55 446	84 244
WORKING CAPITAL AT YEAR-END	30 170	55 446

SOCIÉTÉ NATIONALE DE L'AMIANTE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
at March 31, 1984

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1 — LEGAL STATUS AND SCOPE OF ACTIVITY

The Société nationale de l'amiante (SNA) is a corporation whose shares are entirely held by the Government; it was founded by the Act respecting the Société nationale de l'amiante (R.S.Q., c. S-18.2). Under that Act, the SNA was given the role of seeking out and mining asbestos deposits, as well as carrying on all industrial, manufacturing or commercial activities in connection with the processing of asbestos fibre and research into the development of new uses for the material and methods of processing it.

2 — MAJOR ACCOUNTING POLICIES

Consolidation

The consolidated financial statements encompass the accounts of the SNA and its subsidiaries, which are the following:

	% of SNA Control	% Profit
Mines-SNA Inc. and its subsidiary	51.4	17.4
Les Mines d'Amiante Bell Ltée	100	100
Atlas Turner Inc. and its subsidiaries	100	100
Turners Building Products Ltd.	100	100
Lupel-SNA Inc.	100	100
Filaq-SNA Inc.	67.7	67.7
Descon-SNA Inc.	55	55
Chrysophosphate-SNA Inc.	90	95.5
Metamag-SNA Inc.	90	90
Ceram-SNA Inc.	70	100
Sodac-SNA Inc.	50	89.4

The balance of common voting shares of Chrysophosphate-SNA Inc., Ceram-SNA Inc. and Sodac-SNA Inc. is held by SNA subsidiaries.

The accounts of Mines-SNA Inc. include those of the Société Asbestos Ltée., 54.6% controlled by Mines-SNA Inc.

Capital stock issued by Mines-SNA Inc. is comprised of 21 124 class "A" common shares with 5 votes per share and 100 000 other common shares with one vote each. The SNA holds 21 124 class "A" shares, which assures it 51.4% of voting rights yet only 17.4% of operating results since there are 100 000 other common shares. Considering that Mines-SNA Inc. holds 54.6% of stock issued by Société Asbestos Limitée, the SNA has a 9.5% interest in the operating results of that company.

Investments in companies subject to significant influence are recorded at cost, plus a share of profits since acquisition (equity method) less the difference between the cost of acquisition and the book value of participating shares, amortized over ten years.

Other participating investments are recorded at the lesser of cost price and net realization value; earnings are entered only when dividends are received.

Inventories

Inventories are valued according to the FIFO and average cost methods.

Fixed assets

Fixed assets are recorded at cost less depreciation, based on their anticipated service life. No depletion is charged on mining property not in operation.

Other assets

— Deferred development charges for mining claims

The costs of developing mining claims are amortized on a straight-line basis or in proportion to the amount of recovered mineral used.

— Deferred development charges on industrial projects

These are expenditures on pilot projects and new products that are likely to be manufactured on an industrial scale within the next five years.

Costs are deferred while the project has a chance of success, to be charged to the project itself when operational, otherwise to the year's operating results.

— Deferred start-up costs

These represent the production costs for new products until commercially viable, whereupon they are amortized according to the straight-line method over a reasonable period.

— Customer search and spread between the acquisition cost of new investments and their book value

The spread between the cost of acquisition and the book value is amortized on a straight-line basis over ten years while that relating to the search for customers, over four.

Income tax

Being a corporation whose shares are entirely held by the Government, the Société nationale de l'amiante is not subject to income tax, nor are its wholly-owned subsidiaries.

As for other subsidiaries, the interperiod tax allocation method is used.

Pension plans

There are several pension plans in effect. The cost of current service is charged to operations in the fiscal year when capitalization is required. The cost of past service is capitalized on the basis of periodic actuarial valuation and charged to operations when payment is made.

Foreign currency

Asset and liability items in foreign currency are expressed in Canadian dollars at the exchange rate in effect at the end of the fiscal year, except for certain inventories, fixed assets and long-term debt, converted at the rate when produced, acquired or borrowed. Revenue and expenditures in foreign currency, except for inventories and amortization, are converted at the average rate for the fiscal year. Gains or losses on currency exchange are charged to operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

3 — EXTRAORDINARY ITEM
($ THOUSANDS)

	1984	1983
Gain on disposal of fixed assets		3 274
Cancellation of deferred income tax	146	
Share in the loss sustained on mothballing and reducing supply inventories at the Ungava/Nordenham mining complex (after subtracting related income tax)	(398)	
	(252)	3 274

4 — INVENTORIES
($ THOUSANDS)

At the lesser of cost and net realization value:

	1984	1983
Finished goods		
— asbestos	33 083	38 697
— manufactured products	3 253	3 680
Semi-finished goods		
— asbestos	4 238	27 350
— processed goods	357	524
Raw materials	1 886	2 085
Supplies	16 393	23 317
	59 210	95 633

5 — INVESTMENTS IN COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE
($ THOUSANDS)

Equity in common shares:

	1984	1983
— Industries Trois-R Inc. (30%)	32	34
— Distex-SNA Inc. (50%)	2 069	1 660
Loan, with interest conditional on profits		
— Distex-SNA Inc.	1 500	1 500
Other loan, 1% above prime		
— Distex-SNA Inc.	525	
	4 126	3 194

6 — FIXED ASSETS
($ THOUSANDS)

	Cost	Accumulated Depreciation	Amortized Cost 1984	Amortized Cost 1983
Land and mining leases	25 821	17 464	8 357	8 353
Mining facilities	153 379	88 682	64 697	68 162
Manufacturing and other installations	31 678	7 108	24 570	17 020
	210 878	113 254	97 624	93 535
Inoperative mining properties	119 961	61 018	58 943	61 173
	330 839	174 272	156 567	154 708

The cost of fixed assets includes $10 735 000 for those held under capital lease contracts ($6 266 000 in 1983) as well as $2 500 000 in added value upon acquisition of Lupel-SNA installations at Cap-de-la-Madeleine.

The Ungava/Nordenham mining complex, property of Société Asbestos Limitée which is an SNA subsidiary, temporarily suspended operations during the year because of the international market for asbestos fibre.

7 — OTHER ASSETS
($ THOUSANDS)

	1984	1983
Deferred development charges — mining claims, at amortized cost	30 068	31 762
Deferred development charges on industrial projects, at cost	10 372	7 186
Deferred start-up costs, amortized	2 109	998
Customer search and spread between investment costs upon acquisition and book value, amortized	123	264
	42 672	40 210

8 — BANK INDEBTEDNESS

Accounts receivable and inventories worth $95 501 000 were given as collateral for bank loans.

9 — OTHER CURRENT LIABILITY

In February 1984, certain subsidiaries issued shares allowing the holder income tax credits for scientific research in the amount of $7 125 000; these subsidiaries thereby forego the tax advantages related to research and development spending. The share issue gives rise to income tax payable for a corresponding amount, which will not have to be paid as long as the subsidiaries concerned make the required investments in research and development; each $2 invested will reduce income tax payable by $1.

Work in the amount of $880 000 had been carried out at March 31, 1984 thereby qualifying for an income tax refund of $440 000; additionally, the Société had paid $200 000 in income tax of $6 485 000 for which the required expenditures had not yet been made at March 31, 1984.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

at March 31, 1984

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10 — LONG-TERM DEBT
($ THOUSANDS)

	1984	1983
Bonds, at $^{3}/_{8}$ of 1% above prime, payable in part or in whole upon notice of 45 to 90 days by the SNA, maturing March 31, 1996	23 500	23 500
Bank loans, at 1% above prime, payable in 20 quarterly instalments beginning January 1, 1985 secured by a mortgage and floating charge on the fixed assets of a subsidiary, subject to early repayment at any time	10 000	10 000
Series "A" sinking-fund debentures, 9$^{3}/_{4}$%, maturing July 15, 1990, the sinking fund requirements being $1 million annually	9 998	9 998
Commitments under capital lease contracts, at various rates of interest, payable by periodic instalments, from 1984 to 1993	10 936	4 406
Bank loans guaranteed under credit agreements, for 13 200 000 Deutschmarks, 3 300 000 DM payable annually through 1986, bearing interest of 10.25%	3 112	4 107
Demand note, at $^{1}/_{4}$ of 1% above prime, payable in 5 equal and consecutive instalments as of June 1, 1985	2 500	
Other long-term debt, at various rates of interest, payable by periodic instalments, due from 1984 through 2000	4 288	3 402
	64 334	55 413
Payments coming due within a year, accounting for the conversion of DM at the rates in effect when borrowing took place	4 158	2 675
	60 176	52 738

The long-term debt in Deutschmarks equals $4 939 000 when converted into Canadian dollars at the exchange rate in effect on March 31, 1984, which represents an additional liability of $1 827 000. Of that amount, only the portion coming due within a year ($809 000) has been recorded on the SNA books.

Payments over the coming fiscal years:

1985	4 767
1986	6 908
1987	7 930
1988	4 552
1989	4 421

These payments on the long-term debt from 1985 through 1989 include that in DM, converted into Canadian dollars at the rate in effect on March 31, 1984.

11 — CAPITAL STOCK
($ THOUSANDS)

	1984	1983
Authorized:		
250 000 common shares at $1 000 par value		
Issued and paid-up:		
59 754 shares (49 097 at March 31, 1983)	59 754	49 097

Pursuant to its constitutive Act, all Société nationale de l'amiante shares are part of the public domain and assigned to the Minister of Finance.

The SNA issued 10 657 common shares for $10 657 000 during the fiscal year ended March 31, 1984.

12 — ACQUISITION OF MINES-SNA INC.

On February 12, 1982, the Société nationale de l'amiante subscribed 21 124 class A common shares of Mines-SNA Inc. (formerly General Dynamics (Canada) Limited) for an amount of $17 251 544, with each share having 5 votes, thereby gaining control of 51.4% of common stock voting rights.

In connection with this share subscrip, SNA signed an agreement with its partner in Mines-SNA Inc., General Dynamics Limited (GD US) setting forth the terms of a sales option by that corporation and of an SNA purchase option for all common shares they hold in Mines-SNA Inc. General Dynamics may exercise its option between February 12, 1984 and February 12, 1987 by selling its shares to SNA for a total price of $81 545 809, indexed at 16% beginning February 12, 1982. Payment of the share price would be made by means of promissory notes due on the day following their fifth anniversary.

13 — COMMITMENTS

Under the terms of an operating lease which expires December 31, 1997, a Société subsidiary has committed itself to making annual payments between $1 365 000 and $1 575 000 for a total of $20 747 000.

14 — CONTINGENT LIABILITIES

The Société guarantees the repayment of a bank loan granted to a company subject to significant influence, Distex-SNA Inc., up to $2 400 000 on authorized credit of $3 721 000.

Borrowings amounted to $3 721 000 at March 31, 1984.

Some SNA subsidiaries are among the companies cited as defendants in lawsuits before the courts in various states of the U.S. for damages purportedly resulting from asbestos-related illnesses. The number of claims filed did not decrease during the fiscal year. The companies admit no responsibility and are challenging the claims before courts in the United States. Should a decision be handed down in the U.S. against subsidiaries, it could not become executory before being validated by a competent Québec court, in the opinion of legal experts consulted. The liability of subsidiaries which might arise from these suits is in any case largely covered by insurance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

15 — COMPARATIVE FIGURES

Certain items from the previous year's financial statements were adjusted for purposes of comparison with the current presentation.

16 — OTHER INFORMATION

The SNA loss on commercial operations took the following into account:

	1984	1983
	($ THOUSANDS)	($ THOUSANDS)
Amortization		
Deferred development charges on mining claims	1 938	1 301
Deferred start-up costs	153	104
Customer search and spread between the acquisition cost and book value of investments	301	299
Depreciation of fixed and other assets held under capital lease contracts	9 869	11 347
	12 261	13 051
Financial charges		
Net interest cost on long-term loans to finance firm acquisitions	927	1 231
Charged to operations:		
Interest on short-term loans	7 485	13 048
Interest on long-term borrowings	3 314	3 246
	10 799	16 294
Income tax		
Income tax recovered	11 833	11 828
Minority shareholder interest		
Minority shareholder interest in the loss of certain subsidiaries	(20 184)	(17 491)
Companies subject to significant influence		
Share of net profits of companies subject to significant influence	509	114

SOCIÉTÉ NATIONALE DE L'AMIANTE

ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS

for the fiscal year ended March 31, 1984

Investment by sector ($ THOUSANDS)	Mines	Asbestos Cement	Asbestos Paper	Thread & Friction Materials	Magnesium	New Products	Total 1984	Total 1983
Investment in subsidiaries and companies subject to significant influence		176		525			701	1 519
Industrial project development costs and sundry	620	921	12	290	247	1 442	3 532	3 471
Acquisition of fixed assets	3 009	1 310	419	13	3 299	1 256	9 306	12 810
Development and start-up costs	283			3	1 193		1 479	228
Deferred charges, plant					93		93	97
	3 912	2 407	431	831	4 832	2 698	15 111	18 125

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

R.S.Q., c. S-18.21

AUDITORS' REPORT

To the Minister of the Environment,
members of the board of the Société
québécoise d'assainissement des eaux:

We have examined the balance sheet of the funds for operations, working capital, work in progress and financing of the Société québécoise d'assainissement des eaux at March 31, 1984, as well as the statement of Operating Fund revenue and expenditure and that of the change in working capital expenditure financed through long-term debt, for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances. We obtained all explanations and information sought.

From the information and explanations provided to us and that shown on the Société books, these statements in our opinion accurately present the financial situation of the Société at March 31, 1984 and its operating results for the fiscal year then ended, according to generally accepted accounting principles and the particular practices in Note 1, applied on a basis consistent with that of the previous year.

MALLETTE, BENOIT, BOULANGER,
RONDEAU & ASSOCIÉS
Chartered Accountants

Montréal, June 27, 1984

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

R.S.Q., c. S-18.21

OPERATING FUND

BALANCE SHEET

as at March 31

	1984	1983
ASSETS		
CURRENT ASSETS		
Accounts receivable (Note 3)	$1 377 069	$1 203 539
Prepaid expenses	27 610	27 110
	1 404 679	1 230 649
FIXED ASSETS (Note 4)	111 575	
	$1 516 254	$1 230 649
LIABILITIES		
CURRENT LIABILITIES		
Interim loans and outstanding cheques	$769 788	
Accounts payable and accrued charges (Note 5)	576 637	460 861
	$1 516 254	$1 230 649

COMMITMENTS (Note 6)

WORKING CAPITAL

BALANCE SHEET

as at March 31

	1984	1983
ASSETS		
EXPENDITURES FINANCED THROUGH LONG-TERM DEBT	$1 504 915	$1 836 360
LIABILITIES		
BANK LOANS	$1 504 915	$1 836 360

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

R.S.Q., c. S-18.21

WORK IN PROGRESS FUND

BALANCE SHEET

as at March 31

	1984	1983
ASSETS		
Draft project	$4 654	
EPIC studies	20 154 357	$13 474 644
Water treatment		
Upgrading	2 660 529	930 348
Handling of waste	52 989 548	29 857 971
Purification	47 063 112	14 483 590
	102 713 189	45 271 909
	$122 872 200	$58 746 553
LIABILITIES		
Accounts payable	$7 360 948	$2 498 558
Holdbacks on contracts	2 514 102	991 398
Contributions received	2 922 217	2 922 217
Assigned to work in progress on facilities	110 074 933	52 334 380
	$122 872 200	$58 746 553

CONTINGENT LIABILITY (Note 7)

SEE APPENDIX

FINANCING FUND

BALANCE SHEET

as at March 31

	1984	1983
ASSETS		
To be reimbursed by:		
Ministère de l'Environnement — EPIC studies	$15 288 984	$10 935 057
Ministère de l'Environnement — work on facilities	74 840 026	32 473 627
Municipalities — work on facilities	13 271 921	6 672 763
	103 400 931	50 081 447
Bond discount	6 197 191	
	$109 598 122	$50 081 447
LIABILITIES		
Bank loans	$69 598 122	$50 081 447
Bonds (Note 8)	40 000 000	
	$109 598 122	$50 081 447

SUBSEQUENT EVENT (Note 9)

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

OPERATING FUND

REVENUE AND EXPENDITURE
for the fiscal year ended March 31

	1984	1983
REVENUE		
Management fees — EPIC studies	$852 245	$667 202
— Water treatment	2 464 429	2 400 494
— Joint projects	19 561	
	3 336 235	3 067 696
Contribution from working capital		21 345
	3 336 235	3 089 041
EXPENDITURE		
Employee remuneration	1 745 045	1 731 128
Transportation and communications	304 876	220 098
Professional, administrative and other services	345 492	354 735
Maintenance and repairs	12 563	34 659
Rent	295 646	255 671
Supplies	38 451	37 446
Fixed assets	6 305	35 818
Amortization of working capital	229 545	196 434
Financial charges	49 861	197 749
Other	25 757	25 303
	3 053 541	3 089 041
Contribution to working capital	282 694	
	3 336 235	3 089 041
	$ —	$ —

WORKING CAPITAL

CHANGE IN EXPENDITURE FINANCED THROUGH LONG-TERM DEBT
for the fiscal year ended March 31

	1984	1983
BALANCE AT THE BEGINNING	$1 836 360	$1 767 905
Appropriations		
Financial charges	180 794	243 544
Operating Fund appropriation		21 345
	180 794	264 889
	2 017 154	2 032 794
Contributions		
Amortization of working capital	229 545	196 434
Operating Fund contribution	282 694	
	512 239	196 434
BALANCE AT YEAR-END	$1 504 915	$1 836 360

NOTES TO FINANCIAL STATEMENTS

for the fiscal year ended March 31, 1984

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1 — ACCOUNTING POLICIES AND PRACTICE

The Société québécoise d'assainissement des eaux makes use of the particular practices of fund accounting, under by-laws approved by its board of directors.

Operating Fund
Revenue:
Revenue derived from fees for the carrying out of studies related to water treatment and the construction of facilities is recorded in a tickler file. Management fees are spread evenly over the estimated term of work that remains to be done. Revenue from EPIC and draft project studies is recorded when received.

Expenditures:
Current operating expenditures are recorded on the accrual basis.

Fixed assets:
Fixed assets whose unit cost is over $50 000 are recorded at acquisition cost. Other fixed assets are posted to operating expenditure during the year of acquisition.

Working capital
Surplus operating expenditure (revenue) over revenue (expenditure) as well as financing charges are recorded on the accrual basis.

The beginning balance of expenditure financed through long-term debt is amortized according to the straight-line method over the remainder of the period allowed for beginning water treatment and charged to the Operating Fund.

Work in progress
Costs of studies and water treatment as well as related interim financing charges are charged to the fund for work in progress on an accrual basis.

Financing
Financing charges for water treatment studies and facilities are recorded on a cash basis, including any sinking fund requirements, bond issue costs and interest on long-term debt, offset by accounts receivable and amounts to be collected from the ministère de l'Environnement and municipalities on whose behalf the work is undertaken.

Bond discount is amortized on the basis of actual yield over the term of borrowing.

2 — CONSTITUTION

The Société was founded under the Act respecting the Société québécoise d'assainissement des eaux, adopted by the Government on June 18, 1980 and subsequently amended. The Société has until December 31, 1990 to begin work on water treatment facilities and municipal sewage systems.

3 — ACCOUNTS RECEIVABLE (Operating Fund)

	1984	1983
Ministère de l'Environnement du Québec	$1 173 373	$1 053 881
Municipalities	170 089	142 594
Advances	1 000	3 424
Other	32 607	3 640
	$1 377 069	$1 203 539

4 — FIXED ASSETS

	1984			1983
	Cost	Accumulated Depreciation	Net	Net
Computer equipment and software (being developed)	$111 575	$ —	$111 575	$ —

5 — ACCOUNTS PAYABLE AND ACCRUED CHARGES (Operating Fund)

	1984	1983
Accounts payable	$83 640	$47 956
Wages and salaries	44 568	35 375
At-source deductions	93 129	68 548
Interest	330 300	283 332
Other accrued charges	25 000	25 650
	$576 637	$460 861

6 — COMMITMENTS

The Société has committed itself to three and five-year leases beginning December 1, 1980 through September 30, 1986. Minimum rent payable under these contracts amounts to $728 546.

The balance at March 31, 1984 is $340 022, with minimum payments due over the next three years as follows:

1985 — $203 286
1986 — 129 409
1987 — 7 327

7 — CONTINGENT LIABILITY (Work in Progress Fund)

During the year, claims in the amount of $2 696 025 were submitted by various Société suppliers. The Société is challenging these. In the opinion of legal counsel, it is presently impossible to determine the outcome of suits and the amount for which the Société might be liable. Accordingly, no provision has been set aside. Any liability will be charged to the fund for work in progress at the time of settlement.

8 — BONDS (Financing Fund)

	1984	1983
Series "A" bonds, capital and interest guaranteed by the Government, at 8¼% (actual yield of 12.4% considering the discount), issued October 31, 1983, par value of $40 000 000, maturing October 31, 1988, interest payable on October 31 each year	$40 000 000	$ —

9 — SUBSEQUENT EVENT

(a) On June 5, 1984, the Société issued series "B" bonds for the amount of US $25 000 000 (C $32 050 000) at an interest rate of 13.15%, payable semi-annually. The actual yield when compounded is 13.4%. The capital is due at maturity on June 5, 1989. Capital and interest are covered by exchange contracts at fixed rates.

(b) On June 27, 1984, the Société issued series "C" bonds in the amount of 6 888 500 000 yen (C $50 309 830) discounted at 77%, bearing an interest rate of 9.58% annually. The actual yield semi-annually is 13.035% when the discount is considered. The capital is due at maturity on June 27, 1989. Capital and interest are covered by exchange contracts at fixed rates.

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION

for the fiscal year ended March 31, 1984

		SOURCE AND CUMULATIVE ASSIGNMENT OF FUNDS BY PROJECT			
		ASSIGNMENT OF FUNDS			
		WASTE WATER TREATMENT			
Project No.	Project name	Draft Project	EPIC Studies	Purification	Waste Handling
001	CUM, l'Anse-à-l'Orme		$100 750		
002	Val-David		86 962		
003	Sainte-Agathe-des-Monts		142 681		
005	Deux-Montagnes		218 268		
006	Saint-Eustache		531 006		
007	Boisbriand		312 567		
008	Delson		81 983		
009	Candiac		110 218		
010	Sainte-Catherine		133 258		
011	Laprairie		178 216		
012	Saint-Placide		19 511		
013	Châteauguay		507 391		
014/015	Salaberry-de-Valleyfield/ Saint-Timothée		585 441	$108 652	$3 062 067
016	Beauharnois		110 346		
017	Maple-Grove		58 969		
018/105	Saint-Hyacinthe/Sainte-Rosalie		392 405		10 873 738
019	Laval		3 386 325		
020	Sainte-Agathe Sud		55 329		
021	Granby		551 284	21 786	3 550 173
022	Waterloo		219 214	9 521	1 906 663
023	Acton-Vale		143 936		2 528 430
024	Farnham		207 916	54 443	1 344 445
025	Cowansville		206 467	131 086	2 143 126
026	Fossambault-sur-le-Lac		109 868		
027/028	Sainte-Aurélie/Saint-Zacharie		54 511	31 180	1 036 201
030	Grand-Mère		92 283	6 381	156 642
031	Rock-Island		72 925		
032	Magog		306 568		
033	Sherbrooke		431 315		
034	Saint-Donat		41 601		
036	Frontenac		12 095	1 822	
037/038	Lac-Mégantic/Nantes		123 771	74 537	1 633 122
039	Saint-Gédéon		39 605	78 201	368 184
040	Saint-Martin		12 740	2 068	
041	Rock-Forest		129 506	56 691	425 553
042	Mont-Laurier		208 672	379 349	3 933 041
043/044/ 045	Saint-Louis-de-Pintendre/Lévis/ Saint-David-de-l'Auberivière		30 436	267	2 655 958
046	Bromont		135 414	7 121	830 267
047	Bernierville		42		
049	Roxton-Falls		72 579	16 929	367 107
050	Valcourt		83 727	26 833	41 151
051	Val-Bélair		283 848	7 555	
052	Blainville		214 697		
053/054	Bois-des-Filion/Saint-Louis-de-Terrebonne		98 583		
055	Boucherville		341 932		
056	Lorraine		183 517		
057	Rosemère		126 950		
058	Saint-Hubert		368 757		

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)

for the fiscal year ended March 31, 1984

		SOURCE OF FUNDS			
Treatment	Total	Outlays	Suppliers & Contract Holdbacks	Contributions received	Total
	$100 750	$100 750			$100 750
	88 962	88 962			88 962
	142 681	81 134		$1 547	142 681
	218 268	165 255	$3 337	49 676	218 268
	531 006	531 006			531 006
	312 567	308 376	4 191		312 567
	81 983	50 166		31 817	81 983
	110 218	99 526		10 692	110 218
	133 258	130 074	3 184		133 258
	178 216	178 199	17		178 216
$174 279	193 790	187 205	6 585		193 790
	507 391	357 431		149 960	507 391
1 552 071	5 308 231	4 483 026	638 205	187 000	5 308 231
	110 346	75 421		34 925	110 346
	59 969	59 969			59 969
1 816 651	13 082 794	12 624 542	458 252		13 082 794
	3 386 325	3 296 325		70 000	3 386 325
	55 329	55 329			55 329
15 996 592	20 119 815	17 151 385	2 328 430	640 000	20 119 815
870 642	3 006 040	2 814 648	105 392	86 000	3 006 040
307 589	2 979 955	2 731 228	26 727	222 000	2 979 955
281 902	1 888 706	1 851 242	14 464	23 000	1 888 706
345 030	2 825 709	2 678 645	147 064		2 825 709
	109 868	109 868			109 868
1 648 030	2 769 922	2 748 910	15 412	5 600	2 769 922
6 027	261 333	240 109	21 224		261 333
	72 925	72 925			72 925
	306 568	306 568			306 568
	431 315	431 315			431 315
	41 601	41 601			41 601
61 087	75 004	73 019	1 985		75 004
721 971	2 553 401	2 465 111	88 290		2 553 401
669 201	1 155 191	1 099 492	55 699		1 155 191
51 023	65 831	63 697	2 134		65 831
852 061	1 463 813	1 462 663	1 150		1 463 813
400 578	4 921 640	4 835 737	85 903		4 921 640
241 897	2 928 558	2 928 307	251		2 928 558
331 150	1 303 952	1 075 944	228 008		1 303 952
	42		42		42
384 303	840 918	776 480	64 438		840 918
115 409	267 120	225 516	41 604		267 120
	291 403	287 914	3 489		291 403
	214 697	202 255	12 442		214 697
	98 583	98 583			98 583
	341 932	340 394	1 538		341 932
	183 517	183 517			183 517
	126 950	126 950			126 950
	368 757	350 897	17 860		368 757

APPENDIX

ADDITIONAL INFORMATION (cont'd)

for the fiscal year ended March 31, 1984

		SOURCE AND CUMULATIVE ASSIGNMENT OF FUNDS BY PROJECT			
		ASSIGNMENT OF FUNDS			
		WASTE WATER TREATMENT			
Project No.	Project name	Draft Project	EPIC Studies	Purification	Waste Handling
059	Sainte-Thérèse		$237 909		
060	Communauté Urbaine de Québec		382 741		
061	Québec		1 027 330		
062	Lac-Etchemin		77 951	$18 930	$335 688
063	Ascot-Corner		3 300	25 234	
064	Jonquière		637 485	989 435	4 638 057
065	Saint-Louis-de-France		61 188	756	525 526
066	Sainte-Angèle-de-Monnoir		22 006		
067	Saint-Pie		48 845	18 866	38 889
068	Marieville		86 032	11 041	704 429
069	Sainte-Julie		157 497	73 916	
070	Val-d'Or		420 302	15 347	2 733 057
071	Upton		29 326		
072/097	Vaudreuil/Dorion		214 574	61 011	732 116
073	Chibougamau		185 150	11 067	1 764 018
074	Roberval		144 345	204 892	83 320
075	Sainte-Sophie				
076	Larouche		21 722	4 178	91
077	Laterrière		18 324	9 293	15 521
078	Laurentides		37 987		
080	Saint-Calixte		26 573		
081	Saint-Gabriel		57 264		458 349
082	Disraëli		24 978		
083	Saint-Joseph-de-Coleraine		49 380	1 059	353 711
084	Cookshire		36 338		
085	Saint-Félicien		139 789	51 631	1 570 361
086	Rawdon		47 692	2 016	307 957
087	Sainte-Julienne				78 111
089	Omerville		7 014	5 202	34 517
090	Weedon-Centre		33 212		
091	Saint-Jean-Baptiste		31 870	6 491	110 769
092	Mont-Rolland		47 873		
093	Sainte-Adèle		83 161		
096	Saint-Jean-de-Matha		34 127		
099/100	Laurier Station/Saint-Flavien		35 221		
101	Métabetchouan		30 625	41 691	421 758
102	Pohénégamook		108 920	3 393	
104	Prévost		51 134		
106	Matane		161 832	11 388	169 144
107	Chambord		22 515	12 991	5 972
108	Saint-Maurice				11 150
110/111	Amqui/Saint-Benoît-Joseph-Labre		118 389	3 327	173 286
112	Saint-Jean-de-la-Lande			168	1 014
113	Saint-Théophile				
114	Saint-Élie d'Orford		42 251		
115	Saint-Jovite		75 532		
117	Saint-Constant		88 135		
118	Sainte-Madeleine		39 297		
119	Beaulac		8 622		
120	Saint-Nicéphore		39 720		
121	Vanier		105 218		

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)
for the fiscal year ended March 31, 1984

		SOURCE OF FUNDS			
Treatment	Total	Outlays	Suppliers & Contract Holdbacks	Contributions received	Total
	$237 909	$237 126	$783		$237 909
	382 741	362 845	19 896		382 741
	1 027 330	969 288	58 042		1 027 330
$1 452 680	1 885 249	1 745 711	139 538		1 885 249
331 491	360 025	360 025			360 025
1 798 191	8 073 168	6 876 984	1 196 184		8 073 168
1 456 162	2 043 632	2 016 117	27 515		2 043 632
273 772	295 778	285 060	10 718		295 778
57 616	164 216	164 216			164 216
189 744	991 246	793 307	197 939		991 246
291 735	523 148	512 365	10 783		523 148
3 527 179	6 695 885	5 900 725	795 160		6 695 885
	29 326	29 326			29 326
2 496 266	3 503 967	1 909 009	244 958	$1 350 000	3 503 967
2 000 654	3 960 889	3 757 334	203 555		3 960 889
1 064 352	1 496 909	995 724	501 185		1 496 909
81 064	81 064	56 455	24 609		81 064
164 959	190 950	137 098	53 852		190 950
51 530	94 668	93 202	1 466		94 668
	37 987	37 987			37 987
	28 573	28 573			28 573
622 527	1 138 140	931 691	206 449		1 138 140
	24 978	24 978			24 978
907 110	1 311 260	1 094 823	216 437		1 311 260
	38 338	38 338			38 338
373 588	2 135 369	1 870 542	264 827		2 135 369
384 911	742 576	638 635	103 941		742 576
4 676	82 787	78 142	4 645		82 787
428 059	474 792	453 743	21 049		474 792
	33 212	33 165	47		33 212
218 790	367 920	312 614	55 306		367 920
	47 873	39 913	7 960		47 873
	83 161	79 538	3 623		83 161
	34 127	28 020	6 107		34 127
40 979	76 200	64 291	11 909		76 200
136 899	630 973	608 413	22 560		630 973
84 624	196 937	192 172	4 765		196 937
	51 134	51 134			51 134
223 317	585 681	533 409	52 272		585 681
920 849	962 327	734 035	228 292		962 327
408 273	419 423	401 674	17 749		419 423
98 627	393 631	350 785	42 846		393 631
27 210	28 392	28 110	282		28 392
26 686	26 686	26 086	600		26 686
	42 251	42 251			42 251
	75 532	75 532			75 532
	88 135	88 135			88 135
	39 297	39 297			39 297
	8 622	8 622			8 622
	39 720	39 720			39 720
	105 218	94 466	10 752		105 218

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)
for the fiscal year ended March 31, 1984

SOURCE AND CUMULATIVE ASSIGNMENT OF FUNDS BY PROJECT

Project No.	Project name	ASSIGNMENT OF FUNDS WASTE WATER TREATMENT Draft Project	 EPIC Studies	 Purification	 Waste Handling
122	Saint-Cyrille		$21 377		
123	Sainte-Hénédine		42 178	$2 773	
124/125/181	Rougemont/Saint-Césaire/Saint-Michel-de-Rougemont		46 562		$3
126	Canton Ascot		84 035		
127	Fleurimont		150 513		
128	Lennoxville		86 476		
129	Saint-Gérard		9 754		
130	Stratford		7 777		
131	Brossard		201 556		
132	Saint-Lambert		69 767		
133	Greenfield Park		82 071		
134	Longueuil		442 863		
135	Lemoyne		50 871		
136/137	Saint-Georges/Saint-Georges-Ouest		158 761	1 395	413 310
138	Saint-Germain		25 786		
139	Sainte-Lucie-des-Laurentides		44 387		
141	Canton d'Orford		15 095		
142	Beebe-Plain		22 036		
143	Charlesbourg		365 479		
144	Ville-Marie		29 747		26
145	Stanstead-Plain		39 610		
154	Bernières		37 617		
158	Sainte-Foy		209 024	43 345	286 209
159	Desbiens		23 900		347
160/161	Drummondville/Grantham-Ouest		87 892		3 148
162	Saint-Georges (Village)		24 099		
163	Coaticook		22 682		
164/165	Linière/Saint-Côme-de-Kennebec				
166	Saint-Antoine				57 631
167	Notre-Dame-du-Nord		27		
168	Papineauville		78		
169	Luceville		2 551		
172	Sainte-Catherine (Percisse)		2 495		11
173	Mont-Tremblant				6 690
174	Alma		97 920	5 271	99 384
176	Aylmer		257		
182	Gatineau		1 272		
183	Ste-Anne-de-la-Pointe-au-Père		658		
184	Rimouski-Est		853		
185	Pont-Rouge		59		
186	Saint-Esprit		46		
193	Chicoutimi		78		93
198	Notre-Dame-du-Lac		53		
199	Rimouski		70		
206	Saint-Luc		42		
207	Saint-Anaclet-de-Lessard		26		
215	Baie-Comeau	$4 654			
—	Ministère contractuel employees		381 872		
		$4 654	$20 154 357	$2 660 529	$52 989 548

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)
for the fiscal year ended March 31, 1984

		SOURCE OF FUNDS			
Treatment	Total	Outlays	Suppliers & Contract Holdbacks	Contributions received	Total
	$21 377	$21 377			$21 377
$15 690	60 641	55 588	$5 053		60 641
5	46 576	34 044	12 532		46 576
	84 035	84 035			84 035
	150 513	140 987	9 526		150 513
	86 476	83 576	2 900		86 476
	9 754	9 754			9 754
8 964	16 741	10 788	5 953		16 741
	201 556	201 556			201 556
	69 767	69 767			69 767
	82 071	80 744	1 327		82 071
	442 883	401 675	41 208		442 883
	50 871	48 046	2 825		50 871
	573 466	518 621	54 845		573 466
	25 786	24 586	1 200		25 786
	44 387	44 387			44 387
	15 095	15 095			15 095
	22 036	21 859	177		22 036
	365 479	358 705	6 774		365 479
	29 773	27 973	1 800		29 773
	39 610	37 478	2 132		39 610
	37 617	9 291	28 326		37 617
	538 578	185 697	352 881		538 578
313	24 560	23 935	625		24 560
	91 040	72 162	18 878		91 040
	24 099	23 238	861		24 099
	22 682	21 846	836		22 682
22	22	22			22
	57 631	44 521	13 110		57 631
	27		27		27
21	99		99		99
11 918	14 469	6 290	8 179		14 469
11	2 517	105	2 412		2 517
10 887	17 586	141	17 445		17 586
35 648	238 223	114 138	124 085		238 223
	257	257			257
	1 272	1 272			1 272
	658	59	599		658
	853	853			853
	59	59			59
	46		46		46
7 620	7 791	167	7 624		7 791
	53		53		53
	70		70		70
	42		42		42
	28		28		28
	4 654		4 654		4 654
	361 872	361 872			361 872
$47 063 112	$122 872 200	$110 074 933	$9 875 050	$2 922 217	$122 872 200

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

R.S.Q., c. S-22.1

AUDITOR'S REPORT

I have examined the consolidated balance sheet of the Société québécoise des transports at December 31, 1983 as well as the consolidated statements of operating results and deficit and that of change in financial position for the period July 5, 1983 to December 31, 1983. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these consolidated statements accurately present the financial situation of the Société at December 31, 1983 as well as its operating results and change in financial position for the period July 5, 1983 to December 31, 1983 according to generally accepted accounting principles.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, April 27, 1984

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

R.S.Q., c. S-22.1

CONSOLIDATED BALANCE SHEET

as at December 31, 1983

ASSETS		
CURRENT ASSETS		
Cash		$599 026
Term deposits and accrued interest		17 962 869
Accounts receivable (Note 4)		8 491 561
Maintenance and operating supplies		4 059 977
Prepaid expenses and deposits		244 350
Sudsidy receivable within a year (Note 12)		4 500 000
		35 857 783
SUBSIDY RECEIVABLE (Note 12)		18 000 000
INVESTMENTS (Note 5)		946 813
FIXED ASSETS (Note 6)		56 901 743
OTHER		
Guarantee deposits and accrued interest	$523 729	
Deferred charges, at amortized cost	806 245	1 329 974
		$113 036 313
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges (Note 7)		$17 790 417
Revenue collected in advance and charter deposits		3 528 619
Payments on long-term debt due within a year (Note 8)		9 628 497
Payments on commitments due within a year under capital lease contracts (Note 9)		1 074 781
		32 022 314
REVENUE COLLECTED IN ADVANCE		496 997
PROVISION FOR ENGINE AND PROPELLER CHECKS		1 291 617
LONG-TERM INTEREST PAYABLE		684 070
LONG-TERM DEBT (Note 8)		57 337 834
COMMITMENTS UNDER CAPITAL LEASE CONTRACTS (Note 9)		7 051 368
MINORITY SHAREHOLDER INTEREST		229 871
		99 114 071
SHAREHOLDER EQUITY		
Capital stock (Note 10)	$20 000 000	
Preferred shares of 1848-7199 Québec Inc. (Note 11)	15 000 000	
Contributed surplus (Note 12)	34 000 000	
Deficit	(55 077 758)	13 922 242
		$113 036 313

ON BEHALF OF THE BOARD OF DIRECTORS

Ghislain LEBLOND
Jean GUY

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

CONSOLIDATED STATEMENT OF OPERATING RESULTS AND DEFICIT

for the period July 5, 1983 to December 31, 1983

OPERATING REVENUE (Note 13)		$21 898 275
OPERATING EXPENSES (Note 14)		22 737 565
OPERATING LOSS		839 290
Net financial charges (Note 15)	$1 691 726	
Other expenses (Note 16)	1 416 433	3 108 159
LOSS BEFORE THE FOLLOWING ITEMS:		3 947 449
Share in the loss of a company subject to significant influence	114 288	
Goodwill written off (Note 3)	51 016 021	51 130 309
NET LOSS FOR THE PERIOD AND DEFICIT AT DECEMBER 31, 1983		$55 077 758

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the period July 5, 1983 to December 31, 1983

SOURCE OF FUNDS		
Issue of capital stock	$20 000 000	
Contributions to surplus	11 500 000	
Long-term borrowing	22 500 000	
Sale of fixed assets	181 035	$54 181 035
APPLICATION OF FUNDS		
Funds for operations (Note 17)	1 439 338	
Acquisition of investments	281 004	
Acquisition of fixed assets	117 929	
Guarantee deposits	10 739	
Deferred charges	113 915	
Payments on long-term debt	627 692	
Payments on commitments under capital lease contracts	309 797	
Acquisition of a subsidiary (Note 3)		
Consideration paid	3 142 766	
Working capital deficit assumed	44 302 386	50 345 566
INCREASE IN WORKING CAPITAL FOR THE PERIOD AND WORKING CAPITAL AT DECEMBER 31, 1983		$3 835 469

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

NOTES TO FINANCIAL STATEMENTS
at December 31, 1983

1 — CONSTITUTION AND PURPOSE

The Société québécoise des transports is a joint-stock company founded under a special Act (S.Q., 1983, chapter 27). The Act respecting the Société québécoise des transports was given assent on June 22, 1983 and the Société began operations on July 5, 1983 when the Act came into force.

The purpose of the Société is to:

- promote the establishment, modernization, expansion, development, consolidation and grouping of transportation firms so as to meet the commercial and industrial needs of Québec and to favour the export of goods produced in the province;
- maximize the socioeconomic benefits to Quebecers from transportation and related activities;
- act as a management and holding company in the transportation sector.

2 — ACCOUNTING POLICIES

Société financial statements were prepared by management according to generally accepted accounting principles, given the framework and relative importance of accounting practice summarized as follows:

Consolidation

The consolidation financial statements are comprised of the accounts of the Société and its wholly-owned subsidiary 1848-7199 Québec Inc. and its subsidiary Québecair.

Québecair accounts include those of its wholly-owned subsidiaries, Régionair (1981) Inc., Finance Québecair Inc., Québecair (U.S.) Inc. and Vacances Québecair Inc.

At December 31, 1983, 1848-7199 Québec Inc. holds 98% of outstanding Québecair common shares issued.

Maintenance and operating supplies

Supplies are valued at the lesser of average and replacement cost.

Fixed assets

Fixed assets are shown at original cost, with depreciation charged over their projected service life on a straight-line basis, to 15% of their estimated residual worth in the case of aircraft and flight equipment, at the following annual rates:

Buildings	5% and 10%
Aircraft and flight equipment	6⅔% to 16⅔%
Ground equipment	10%
Aircraft and flight equipment held under capital lease contracts	6⅔% to 16⅔%

Capitalized interest

Interest paid on debt resulting from the purchase of aircraft during the preoperational period is capitalized until brought into service.

Deferred charges

The cost of main airframe checks is deferred and amortized on the basis of flight time.

Engine and propeller checks

The cost of main checks on aircraft engines of the Boeing 737 and BAC 1-11 type is charged to operations when incurred while checks on engines and propellers of the HS-748 and Beech 99 type aircraft are posted to the provision according to flight time at hourly rates on the basis of the estimated cost of such checks.

Foreign currency

Current asset and liability items in foreign currency are converted at the year-end exchange rate. Other balance sheet items are converted at the rate in effect on the date of transaction. Gains and losses on currency exchange are included in operating results.

Recording of revenue

Revenue derived from operating regular lines and charters is recorded when service is rendered. Payments received for services not rendered are shown on the balance sheet as deferred revenue under the item "Revenue collected in advance and charter deposits".

3 — ACQUISITION OF 1848-7199 QUEBEC INC.

On September 21, 1983, the Société acquired all outstanding common shares of 1848-7199 Québec Inc. in consideration for a cash payment of $3 142 766.

1848-7199 Québec Inc. is a management and holding company which held 93.7% of outstanding Québecair common shares on the date of acquisition.

The acquisition of 1848-7199 Québec Inc. stock was recorded as a simple purchase. The share price, from the unaudited financial statements of 1848-7199 Québec Inc. for the nine-month period ended September 30, 1983, breaks down as follows:

Working capital deficit	$44 302 386	
Long-term debt	66 377 091	$110 679 477
Long-term assets		62 806 222
Deficit book value of shares acquired		47 873 255
Consideration paid		3 142 766
Purchase price difference attributed to goodwill		$51 016 021

The operating results of 1848-7199 Québec Inc. and its subsidiary Québecair were consolidated as of October 1, 1983. Goodwill was written off and charged in full to operations for the period ended December 31, 1983.

4 — ACCOUNTS RECEIVABLE

Québecair customer accounts	$6 762 526
Operating subsidies	796 572
Other	932 463
	$8 491 561

5 — INVESTMENTS

Investment in a company subject to significant influence, 50% owned:	
Common shares, at equity value	$84 813
Preferred shares, at cost	350 000
Advances	412 000
	$946 813

6 — FIXED ASSETS

	Cost	Accumulated Depreciation	Net
Land and buildings	$5 054 103	$1 850 278	$3 203 825
Aircraft and flight equipment	64 400 807	19 640 331	44 760 476
Ground equipment	3 757 147	2 496 365	1 258 782
	73 212 057	23 986 974	49 223 083
Aircraft and flight equipment held under capital lease contracts	11 552 521	3 873 861	7 678 660
	$84 764 578	$27 862 835	$56 901 743

Accumulated depreciation of $3 873 861 on assets held under capital lease includes a provision for anticipated losses of $1 663 382 on the future disposal of aircraft.

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

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7 — ACCOUNTS PAYABLE AND ACCRUED CHARGES

Suppliers' accounts and accrued charges	$15 393 596
Provision for engine and propeller checks	546 821
Provision for sickleave	1 850 000
	$17 790 417

8 — LONG-TERM DEBT

	Instalments due within a year	Total
Société québécoise des transports		
Debentures, series "A", 0.625% below the average prime rate of Bank of Montreal, the Banque National du Canada and the Royal Bank, payable by annual instalments of $4 500 000, maturing December 22, 1988 (a)	$4 500 000	$22 500 000
Québecair		
Guaranteed loans (b):		
1% above prime, payable by quarterly instalments of $285 821, including capital and interest, due May 1990	522 178	4 982 176
1% above prime, payable June 1990		2 238 778
1% above LIBOR, US $4 410 146, payable by semi-annual instalments as a percentage of the original loan amount, two instalments of 2¼%, one of 27¼% and ten of 5%, due June 1990 (d)	332 605	5 130 683
1% above LIBOR, US $1 447 139, payable by semi-annual instalments as a percentage of the original loan amount, two instalments of 2¼%, one of 27¼% and ten of 5%, due June 1990 (d)	111 403	1 718 471
1¼% above LIBOR, US $3 851 544, payable by quarterly instalments of US $133 051, due May 1991 (d)	662 277	4 801 372
1¼% above LIBOR, US $1 878 373, payable by quarterly instalments of $234 797 as of August 1991, due May 1993 (d)		2 247 473
Bank loans:		
1%, above prime, payable by quarterly instalments of $71 428, due June 1988 (c)	285 714	1 285 710
1% above prime, payable by monthly instalments of $17 860, due June 1989 (c)	214 320	1 180 680
Other loans:		
8¼%, US $5 389 618, payable by semi-annual instalments of US $539 962, as of December 1985, due June 1990 (d)		6 237 639
8¼%, US $4 800 382, payable by semi-annual instalments of US $480 038, as of December 1985, due June 1990 (d)		5 519 509
8¼%, US $5 151 592, payable by semi-annual instalments of US $515 159, as of November 1986, due May 1991 (d)		6 163 880
Debentures, 9% maturing June 1984 (e)	3 000 000	3 000 000
	$9 628 497	66 966 331
Payments dues within a year		9 628 497
		$57 337 834

(a) These debentures are secured by the assignment to the trustee for the sole benefit of debenture holders of the subsidy authorized by Order in Council 2885-83 dated December 22, 1983. The Order in Council authorizes the Minister of Transport, on behalf of the Government, to award a subsidy to the Société from annual appropriations voted by the National Assembly for the full payment of debenture capital and interest including any partial or full redemption in advance. The subsidy was recorded as contributed surplus to the Société in connection with the bailing out of Québecair stockholders.

(b) These loans are secured by three first-mortgage bonds with a par value of $20 000 000 each, bearing interest at 24%, issued under trust agreements and guaranteed by a specific encumbrance of first rank on spare parts and three aircraft of the Boeing 737 type.

(c) These loans and bank guarantees in the amount of $2 587 501 are secured by a first-mortgage bond with a par value of $12 million, bearing interest at 12% guaranteed by a specific encumbrance of first rank on three aircraft of the BAC 1-11 type with a net book value of $2 818 120 in 1983 and a floating charge of first rank on all other assets not already used as collateral for debt. Accounts receivable are assigned as security for bank loans.

(d) Loans totalling $31 819 007 converted at the year-end exchange rate would amount to $33 684 406 at December 31, 1983.

(e) Debentures in the original amount of $7 826 582 are secured under a trust agreement by a second fixed charge on certain aircraft and engines and a second floating charge on remaining assets.

Payments on the long-term debt over the next five years detail as follows:

1984	$9 628 497
1985	10 176 497
1986	10 294 620
1987	11 023 144
1988	10 984 889

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

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9 — COMMITMENTS UNDER CAPITAL LEASE CONTRACTS

	Instalments due within a year	Total
Québecair		
17%, US $3 451 046, payable by monthly instalments of US $80 000, including capital and interest, and a final payment of US $500 000, due December 1988 (a)	$572 632	$4 274 121
9.75%, payable by monthly instalments of $12 543, including capital and interest, due February 1988	107 520	509 935
11.55%, payable by monthly instalments of $83 349, including capital and interest, due February 1990 (b)	394 629	3 342 093
	$1 074 781	8 126 149
Payments due within a year		1 074 781
		$7 051 368

(a) Converted at the year-end exchange rate, these commitments would amount to $4 294 482 at December 31, 1983.

(b) During a prior fiscal year, Québecair entered into a trust agreement with its subsidiary Régionair (1981) Inc. to guarantee commitments with respect to the leasing of two aircraft by the latter.

Under the agreement, a first-mortgage bond was issued at a par value of $10 million, bearing 30% interest, transferring the specific charge of first rank on fixed assets and furnishings that the subsidiary owns or will own and the floating charge of first rank on all subsidiary assets not already used as collateral for debt.

Following the transfer of all Régionair assets and liabilities to Québecair on June 30, 1983, the terms of the trust agreement are currently being reviewed with the bondholder.

Payments on commitments under capital lease contracts will be as follows:

1984	$2 100 624
1985	2 100 624
1986	2 100 624
1987	2 100 624
1988	1 969 554
1989 and thereafter	886 896
Total minimum payments	11 258 9[illegible]
Interest charges included in total payable	3 132 797
	$8 126 149

10 — CAPITAL STOCK

Authorized:	
750 000 shares at $100 par value	$75 000 000
Issued and paid-up:	
200 000 shares	$20 000 000

Société shares are held by the Government

The Société issued 200 000 shares for cash payment during the period July 5, 1983 to December 31, 1983.

11 — 1848-7199 QUEBEC INC. PREFERRED SHARES

As Société shareholder, the Government holds 6 666 666 class "B" preferred no-par-value, participating and convertible shares in 1848-7199 Québec Inc.

12 — CONTRIBUTED SURPLUS

During the year, the Government authorized the awarding of a subsidy to the Société under Order in Council 2413-83 in the amount of $34 000 000 as contributed surplus to allow it to go ahead with the financial restructuring of Québecair and provide support.

Subsidy payments detail as follows:

— Paid at December 31, 1983	
Partial payment on December 22, 1983	
(i) bailing out of Québecair shareholders	$5 000 000
(ii) liquidity needs of Québecair for the second half of 1983	6 500 000
	11 500 000
— Receivable at December 31, 1983	
$4 500 000 receivable annually over 5 years as of 1984 in connection with the bailing out of Québecair shareholders — subsidy assigned as collateral for long-term Société debt (see Note 8)	22 500 000
	$34 000 000

The Government also authorized the Minister of Transport to pay a subsidy of up to $12 000 000 annually to the Société for subsequent remittance to Québecair through 1848-7199 Québec Inc. covering Québecair liquidity needs for three years beginning January 1, 1984.

The aforementioned subsidies for shoring up the capital and liquidity needs of Québecair that become payable from 1984 through 1988 are part of the plan for restructuring and supporting Québecair financially and as such are contributed surplus to the Société from its shareholder.

13 — OPERATING REVENUE

During the period, operating subsidies included in revenue break down as follows:

Gouvernement du Québec	$910 796
Government of Canada	248 871
	$1 159 667

A subsidy of $684 352 was for Québecair operations in remote regions and $475 315 to the Société, with $175 315 of that amount toward debt service.

14 — OPERATING EXPENSES

Flight and maintenance cost	$14 804 697
Current service — passengers and aircraft	3 457 075
Administrative expense	2 474 715
Depreciation on fixed assets	1 708 191
Amortization of deferred charges	292 907
	$22 737 585

15 — NET FINANCIAL CHARGES

Interest on long-term debt, debentures and commitments under capital lease contracts	$1 147 855
Interest on short-term borrowings	843 871
	$1 991 726

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1983

16 — OTHER EXPENSES

Provision for anticipated loss on future disposal of aircraft	$1 693 382
Loss on sale of fixed assets and investments and attendant charges	108 789
Adjustment to the provision for excise tax payable	(385 738)
	$1 416 433

17 — FUNDS FOR OPERATIONS

Net loss		$55 077 758
Provision for anticipated loss on future disposal of aircraft	$1 693 382	
Decrease in the provision for engine and propeller checks, long-term	(1 305 288)	
Loss on the sale of fixed assets	191 496	
Share in the loss of a company subject to significant influence	114 288	
Long-term interest payable	(12 576)	
Depreciation on fixed assets	1 708 191	
Amortization of deferred charges	292 867	
Goodwill written off	51 016 021	53 638 420
Funds used for operations		$1 439 338

18 — PENSION PLANS

The last actuarial valuation of the three Québecair pension plans, dated December 31, 1982, shows a surplus of $1 133 976. It is expected the next actuarial valuation will be dated December 31, 1985.

19 — PROXY AGREEMENT

Québecair (U.S.) shares were assigned to a trustee along with attendant voting rights under agreement for a two-year period ending in 1985.

20 — LONG-TERM LEASES

The Société and its subsidiary Québecair are committed under leases expiring in 1988 to pay total rent of $1 566 188 for premises.

Rental expense for the period ended December 31, 1983 amounts to $476 953. Rent for the next five years details as follows:

1984	$463 201
1985	391 940
1986	267 280
1987	227 267
1988	216 500

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE — SOQUEM

R.S.Q., c. S-19

AUDITOR'S REPORT

I have examined the consolidated balance sheet of the Société québécoise d'exploration minière — SOQUEM, at March 31, 1984 as well as the consolidated statement of operating results and retained earnings and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

I my opinion, these statements accurately present the financial situation of the Société at March 31, 1984 as well as its operating results and change in financial position for the fiscal year then ended, according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A
Auditor-General

Québec, June 1, 1984

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE — SOQUEM

R.S.Q., c. S-19

CONSOLIDATED BALANCE SHEET
as at March 31, 1984

	1984	1983 (Note 12)
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$9 407 220	$1 476 354
Settlements receivable	11 254 663	6 700 638
Accounts receivable	7 033 380	3 655 999
Inventories (Note 3)	5 925 281	8 019 006
Prepaid expenses	464 466	619 000
	34 085 010	20 470 997
INVESTMENTS (Note 4)	24 647 044	18 169 477
FIXED ASSETS (Note 5)	176 559 672	163 993 869
DEFERRED EXPENSES (Note 6)	30 366 166	35 230 350
	$265 657 892	$237 864 693
LIABILITIES		
CURRENT LIABILITIES		
Bank loans	$12 332 374	
Accounts payable and accrued charges	7 768 824	$9 558 287
Mining rights	340 386	633 439
Payments on long-term debt (Note 7)	2 691 700	734 847
Deferred processing rights		576 050
	23 133 284	11 502 623
DEFERRED MINING RIGHTS	13 612 372	9 790 787
LONG-TERM DEBT (Note 7)	80 651 282	73 926 779
DEFERRED CREDIT ON GOLD OPTIONS		3 044 310
	117 396 938	98 264 499
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 8)		
Authorized: 12 500 000 shares, $10 per value		
Subscribed: 11 060 000 shares	110 600 000	89 000 000
Less: subscription receivable	11 600 000	
Issued and paid-up	99 000 000	89 000 000
CONTRIBUTED SURPLUS	17 000 000	17 000 000
RETAINED EARNINGS	32 260 954	33 600 194
	148 260 954	139 600 194
	$265 657 892	237 864 693

COMMITMENTS AND CONTINGENT LIABILITIES (Notes 10 & 11)

ON BEHALF OF THE BOARD OF DIRECTORS

Pierre K. GARCEAU
Paul J. BOURASSA

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE — SOQUEM

CONSOLIDATED STATEMENT OF OPERATING RESULTS AND RETAINED EARNINGS
for the fiscal year ended March 31, 1984

	1984	1983 (Note 12)
Mining operations		
Net revenue	$79 883 700	$42 330 468
Operating costs	70 729 324	25 015 529
Royalties	438 780	360 105
	71 168 104	25 375 634
Operating profit	8 715 596	16 954 834
Abandoned mining projects and other expenses		
Abandoned mining projects	1 875 822	5 198 652
Research work	421 017	573 188
Other expenses	2 902 223	323 357
	5 199 062	6 095 197
	3 516 534	10 859 637
Net financial charges (Note 9)	9 266 607	447 414
Share in net profits of affiliates	765 300	1 202 356
Profit (loss) before mining rights and extraordinary item	(4 984 773)	11 614 579
Mining rights	3 918 000	3 266 500
Profit (loss) before extraordinary item	(8 902 773)	8 348 079
Extraordinary item		
Gain on the issue of shares to third parties by affiliates	7 653 533	172 364
Net profit (loss)	(1 339 240)	8 520 443
Retained earnings at the beginning	32 742 991	25 079 751
Retroactive adjustment (Note 12)	857 203	
Retained earnings at the beginning — adjusted	33 600 194	25 079 751
Retained earnings at year-end	$32 260 954	$33 600 194

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1984

	1984	1983 (Note 12)
WORKING CAPITAL AT THE BEGINNING	$8 968 374	$1 206 353
SOURCE OF FUNDS		
Profit (loss) before extraordinary item	(8 902 773)	8 348 079
Depreciation and depletion	17 690 765	7 831 231
Deferred mining rights	3 821 585	3 055 221
Loss on disposal of mining projects	1 997 510	
Abandoned mining projects	1 875 822	5 198 652
Loss on disposal of fixed assets	51 125	976 003
Loss (gain) on currency exchange	24 900	(51 323)
Gain on disposal of investments	(165 547)	(286 461)
Share in net profit of affiliates, after net dividends received	(460 728)	(1 202 356)
Gain on gold options	(3 044 310)	
Funds from operations	12 888 349	23 869 046
Share subscription	10 000 000	
Long-term debt	9 700 843	49 658 165
Proceeds on disposal of mining projects	6 937 000	
Proceeds on disposal of investments	6 698 892	371 730
Proceeds on disposal of fixed assets	832 506	683 372
Working capital deficit of a subsidiary formerly consolidated (Note 4)	91 596	
Deferred credit on gold options		3 044 310
	47 149 186	77 626 623
APPLICATION OF FUNDS		
Acquisition of fixed assets	31 436 935	54 652 298
Deferred expenses	7 377 917	9 387 107
Payments on long-term debt	2 976 340	1 492 439
Acquisition of investments	2 536 195	4 355 877
Deferred loss (gain) on currency exchange, unrealized (Note 6)	838 447	(615 871)
Transfer of machinery and equipment to fixed asset		481 274
Acquisition of a subsidiary		111 478
	45 165 834	69 864 602
INCREASE IN WORKING CAPITAL	1 983 352	7 762 021
WORKING CAPITAL AT YEAR-END	$10 951 726	$8 968 374

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE — SOQUEM

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — CONSTITUTION AND SCOPE OF ACTIVITY

The Société québécoise d'exploration minière — SOQUEM, founded under a special Act of the National Assembly, was created to carry out mining exploration, research and development as well as the processing of minerals. To this end, SOQUEM is authorized to enter into agreements with any and all persons or companies, keeping the goal of profitability in mind.

2 — ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of SOQUEM and its wholly-owned subsidiaries: Niobec Inc., Les Mines Seleine Inc. and Soquemines Inc.

Assets, liabilities, revenue and expenditures of the firms in which SOQUEM, Niobec Inc. and the subsidiary of Soquemines Inc. have an interest are recorded according to the equity method.

Settlements receivable

These include gold ingots and niobium concentrate and are shown at their estimated net realization value.

Inventories

Inventories of salt are recorded at the lesser of average cost and net realization value.

Operating supplies are recorded at the lesser of average cost and replacement value.

Investments

Investments in affiliates over which SOQUEM and its subsidiaries have a significant influence on management decisions are recorded according to the equity method, that is at cost plus or minus the share of retained earnings since acquisition of an interest.

Other investments are recorded at cost.

Fixed assets

Fixed assets are recorded at cost.

In the case of mines under operation, depletion and depreciation of fixed assets as well as development and start-up costs are charged on the basis of production for the year and proven reserves of ore. Where a mine outlasts attendant fixed assets, depreciation on these is charged on the basis of their estimated service life.

Depreciation on fixed assets not directly related to mining operations is charged according to the straight-line method, based on their estimated service life.

No depreciation is charged on fixed assets related to mining projects that do not reach the production stage.

Capitalization of financial charges

Charges related to financing for construction work are added to the capital cost of the projects.

Deferred charges

The costs of acquiring mining rights and interests, exploring for minerals, developing discoveries and attendant administrative expenses are deferred until a decision is made to begin mining operations, whereupon these costs are transferred to fixed assets, otherwise they are charged to operations for the fiscal year when the mining project is abandoned.

Leases

These are of two types: capital lease contracts and operating leases. Depreciation is charged on assets held under capital lease as if they were fixed assets. Rental payments less interest are charged against commitments under such contracts.

Rent on operating leases is charged to the year's operations.

Foreign currency translation

Current asset and liability accounts as well as long-term debt in foreign currency are expressed in Canadian dollars according to the exchange rate in effect at year-end, with those relating to operating results converted at the exchange rate in effect when the transaction took place. Gains and losses on foreign currency translation are posted to operating results for the year, except in the case of those on long-term debt which are amortized to maturity.

Transactions on gold options

The gains and losses on gold option transactions are posted to net revenue from metal shipments at the time the option is exercised, redeemed or expires.

Contributed surplus

Subsidies from the Government as shareholder are recorded under contributed surplus.

3 — INVENTORIES

	1984	1983
Salt	$2 218 214	$2 777 100
Supplies	3 707 067	3 649 339
Niobium concentrate		1 592 567
	$5 925 281	$8 019 006

4 — INVESTMENTS

	1984	1983 (Note 12)
Affiliates, at equity value (market value: $37 688 583; $34 773 340 in 1983)	$22 602 749*	$16 175 915
Investments, at cost (market value: $616 000; $251 445 in 1983)	568 785	534 542
Other investments, at cost	1 475 510	1 459 020
	$24 647 044	$18 169 477

* The SOQUEM interest in Société minière Louvem Inc. went from 100% to 61% during the fiscal year; SOQUEM intends to divest itself of control of that subsidiary in the course of next year. The subsidiary's accounts, formerly consolidated with those of SOQUEM, are now recorded at equity value.

In addition, the amount includes shares for a value of $940 325 (market value: $1 727 150) assigned as security in transactions involving gold options.

5 — FIXED ASSETS

	1984	1983
Land, buildings, equipment and other	$88 365 814	$72 891 428
Development charges	66 056 694	54 157 187
Infrastructure	19 685 818	19 596 692
Net financial charges and start-up costs	13 936 217	13 936 217
Pre-production costs	12 757 624	12 728 944
Mining properties	10 770 440	10 383 004
Rolling-stock held under capital lease	3 337 200	3 208 211
	214 909 807	186 901 683
Subsidies	898 206	898 206
	214 011 601	186 003 477
Accumulated depletion and depreciation	37 451 929	22 009 608
	$176 559 672	$163 993 869

NOTES TO FINANCIAL STATEMENTS (cont'd)

at March 31, 1984

6 — DEFERRED EXPENSES

	1984	1983
(a) Mining projects at the exploration or development stage:		
Additions during the year		
Exploration charges	$6 081 927	$5 506 511
Development costs	1 228 444	3 887 116
	7 310 371	9 393 627
Less:		
Mining projects abandoned	1 875 822	5 198 652
Disposal of mining projects	8 934 510	
Projects posted to fixed assets	2 177 770	1 357 724
	(5 677 731)	2 837 251
(b) Other item		
Deferred loss (gain) on currency exchange, unrealized	838 447	(615 871)
Less: amortization	24 900	51 323
	813 547	(564 548)
	(4 864 184)	2 272 703
Balance at the beginning	35 230 350	32 957 647
Balance at year-end	$30 366 166	$35 230 350
Comprised of:		
Exploration charges	$22 434 622	$22 663 749
Development costs	7 682 545	13 131 149
Deferred loss (gain) on currency exchange, unrealized	248 999	(564 548)
	$30 366 166	$35 230 350

7 — LONG-TERM DEBT

	Current Payments	1984	1983
SOQUEM			
Bank loan, due in 1995 payable in 20 equal, semi-annual instalments beginning January 1, 1985, includes US $20 million (a)	$1 825 000	$36 500 000	$36 025 059
Commitments under capital lease contracts (e)	848 499	2 325 325	2 684 086
Mortgage loan, 11.25%, payable by monthly instalments to 2004 (b)	12 574	946 239	957 335
Mortgage loans at varying rates and dates of maturity (b)	3 037	66 126	
Les Mines Seleine Inc.			
Bank loan without set payment terms (c)		35 502 702	34 939 355
Term loan, renewable until January 1986, payable thereafter over a period of five years (d)		8 000 000	
Soquemines Inc.			
Loans at variable rates and terms	2 590	2 590	55 791
	2 691 700	83 342 982	74 661 626
Current instalments payable		2 691 700	734 847
	$2 691 700	$80 651 282	$73 926 779

(a) Interest rate varying according to lender's prime rate, the LIBOR and bankers' acceptance rates on the money market.
(b) Annual instalments on mortgage loans will vary between $15 611 and $22 517 over the next five years.
(c) Interest varying with the prime rate, the cost of funds to the lender and bankers' acceptance rates on the money market.
(d) Interest varying with the prime rate and the cost of funds to the lender.

(e) Minimum payments under capital lease contracts will be as follows:

Fiscal year	
1985	$1 108 444
1986	1 093 361
1987	528 475
	2 730 280
Less: hypothetical interest	404 955
Commitments under capital lease contracts	$2 325 325

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

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8 — CAPITAL STOCK

The Government holds all SOQUEM shares.

SOQUEM's authorized capital is $125 million. During the year, was paid $10 million for 1 million shares, bringing its paid-up capital stock to $99 million at March 31, 1984 from $89 million.

In the course of the next fiscal year, the Minister of Finance will pay the subscription receivable of $11 600 000 for the purchase of 1 160 000 shares, thereby bringing authorized and issued capital stock to $110 600 000 at March 31, 1985. The balance of authorized but unsubscribed capital stock in the amount of $14 400 000 will be paid in one or more instalments, upon Government approval, according to terms it sets.

9 — NET FINANCIAL CHARGES

	1984	1983
Interest on long-term debt	$8 234 351	$6 916 815
Interest on capital lease	400 297	307 790
Other interest charges (revenue)	631 959	(108 487)
Interest charged to fixed assets under construction		(6 668 704)
	$9 266 607	$447 414

10 — COMMITMENTS

(a) Sales contract for salt

Les Mines Seleine Inc. made a contractual commitment to supply the Government with nearly all its salt requirements to March 31, 1992.

(b) Operating and lease contracts

As a result of the aforementioned contract, a commercial agreement is presently in force between Les Mines Seleine Inc. and Société Sonamar Inc. to charter a ship for the transit of salt on payment of annual minimum rent of $6 926 500 until 2002. Les Mines Seleine Inc. is committed under operating and lease contracts until 1992 for the payment of annual rent in the amount of approximately $424 000 for warehouse space. Minimum annual instalments under these contracts for the next five fiscal years total $7 350 500.

11 — CONTINGENT LIABILITIES

A lawsuit for damages and interest has been filed by a SOQUEM subsidiary and a firm of engineering consultants against a contractor for work done. The claim is for $2.8 million and could well rise to about $10 million. The contractor has filed a counterclaim for $3 991 565 against the subsidiary and the consulting firm. Legal counsel to the subsidiary considers it highly unlikely the firm be found liable for damages toward the contractor; hence, no provision has been recorded.

Legal proceedings have been instituted relative to an insurance claim for nearly $14 million in compensation.

Any liability or resulting gain will be posted to fixed assets.

12 — RETROACTIVE ADJUSTMENT

SOQUEM made a retroactive change to the accounting of its investment in an affiliate, recording at equity value what was formerly entered at cost. SOQUEM received confirmation in March 1984 that it had exercised significant influence on that firm during the previous fiscal year with the number of shares held.

The effect of this change was to increase investments, net profit and retained earnings by $857 203. Comparative figures for 1983 were adjusted accordingly.

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE — SOQUIJ

R.S.Q., c. S-20

AUDITOR'S REPORT

I have examined the balance sheet of the Société québécoise d'information juridique — SOQUIJ, at March 31, 1984 as well as the statement of revenue and expenditure and that of deficit for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1984 as well as its operating results for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous fiscal year after retroactive adjustment to reflect the change to the accounting of publications, to which Note 3 refers.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, June 19, 1984

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE — SOQUIJ

R.S.Q., c. S-20

BALANCE SHEET

as at March 31, 1984

	1984
ASSETS	
CURRENT ASSETS	
Accounts receivable	$91 486
Publications on hand	210 782
Work in progress — publications	315 104
Prepaid expenses	16 566
	$633 938
LIABILITIES	
CURRENT LIABILITIES	
Outstanding cheques less cash	$92 665
Accounts payable and accrued charges	211 287
Customer deposit	14 218
Deferred revenue	662 958
	981 128
DEFICIT LESS CONTRIBUTED SURPLUS FROM THE GOVERNMENT	
Deficit	422 190
Contributed surplus from the Government	75 000
Working capital	347 190
	$633 938

COMMITMENT (Note 8)

ON BEHALF OF THE SOCIÉTÉ

Jacques VIAU
Guy TANGUAY

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1984

REVENUE FROM PUBLICATIONS AND SERVICES (Note 4)		$2 095 291
COST OF PUBLICATIONS AND SERVICES (Note 5)		1 572 680
GROSS EARNINGS		522 611
Customer service (Note 6)	$178 463	
General and administrative expenses (Note 7)	304 920	483 383
SURPLUS REVENUE OVER EXPENDITURE BEFORE THE FOLLOWING ITEM		39 228
Net cost of abandoning publication of a compilation of cases and legal doctrine		265 163
NET LOSS		$225 935

DEFICIT
for the fiscal year ended March 31, 1984

DEFICIT AT MARCH 31, 1983		
Balance carried forward		$607 811
Less adjustment: (Note 3)		
Entry at March 31, 1983 of		
— inventories	$166 851	
— work in progress	644 184	
— deferred revenue from private customers	(399 479)	411 556
Adjusted balance		196 255
Net loss for the year		225 935
DEFICIT AT MARCH 31, 1984		$422 190

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE — SOQUIJ

NOTES TO FINANCIAL STATEMENTS

at March 31, 1984

1 — CONSTITUTION AND PURPOSE

A corporation within the meaning of the Civil Code and founded under a special Act, the Société québécoise d'information juridique — SOQUIJ, is responsible for promoting the research and dissemination of legal information with the objective of improving its quality and access for the benefit of the public. In accordance with its founding Act, surplus revenue over expenditure for a fiscal year shall be paid to the Consolidated Revenue Fund after the formation of working capital, the maximum amount of which is set by the Government.

2 — ACCOUNTING POLICIES

The Société makes use of the accrual basis of accounting, within the bounds of the following practices:

Inventory of publications

Publication inventories are valued at the lesser of cost and net realization value. The item includes only work that has been published since April 1, 1982. The cost of a publication includes the direct cost of design and publishing (labour, equipment and printing) as well as attendant general and administrative expenses after subtracting contributions from the ministère de la Justice and other agencies.

Publications in stock for a year or more at March 31 are valued 25% less per annum.

Work in progress — publications

Works underway are valued at the lesser of cost and estimated net realization value. The cost is determined in the same fashion as for inventories.

Fixed assets

The acquisition of equipment, furniture, computer equipment and books for the library is charged to operations.

Revenue from publications

Revenue from subscriptions is recorded over their term. The shipping date of unsubscribed publications determines to which fiscal year revenue is posted.

Expenses assumed by certain departments

Some Société expenses such as the employer's contribution to the Government and Public Employees Pension Plan and certain courier charges, paid from the appropriations of departments, are not shown on the statement of revenue and expenditure.

3 — ACCOUNTING CHANGE

New accounting policies have been adopted as of the current fiscal year to better reflect Société operations and financial position. Work in progress, representing the cost incurred toward the publication of unfinished work is now shown along with inventory stocks of publications while formerly the cost of publications on hand and unfinished work was included in publication costs for the year.

In addition, revenue from sales to private customers is now recorded on the accrual basis while previously entered on a cash basis, except for case journals.

The effect of the change to accounting practice was to reduce the deficit at March 31, 1983 by $411 556 and increase the net loss for the year ended March 31, 1984 by $133 590.

Figures from 1983 have not been presented for comparison since certain information necessary for adjusting financial statements for the year ended March 31, 1983 was unavailable.

4 — REVENUE FROM PUBLICATIONS AND SERVICES

Private customers	$1 155 803
Ministère de la Justice	191 055
Barreau du Québec	485 615
Chambre des notaires	187 101
Agencies	75 717
	$2 095 291

5 — COST OF PUBLICATIONS AND SERVICES

Publications on hand and work in progress at March 31, 1983		$811 035
Cost for the year		
Direct cost of production	$1 217 191	
General expenses assigned	580 939	1 798 130
		2 609 165
Less:		
Participation in outside publications:		
ministère de la Justice	423 557	
agencies	87 042	510 599
		2 098 566
Publications on hand and work in progress at March 31, 1984		525 886
		$1 572 680

6 — CUSTOMER SERVICE

Wages, salaries and fringe benefits	$95 662
Equipment	65 801
Rent	17 000
	$178 463

7 — GENERAL AND ADMINISTRATIVE EXPENSES

Wages, salaries and fringe benefits	$431 350
Professional fees	35 326
Travel and representation	17 058
Communications and courier service	136 858
Rent	188 556
Equipment, furniture and maintenance	47 998
Stationery and office supplies	35 183
Documentation	9 986
Insurance	2 811
Prior year's charges written off	(19 279)
	885 859
General and administrative expenses charged to the cost of publications and services	580 939
	$304 920

8 — COMMITMENT

The Société is committed under the terms of a ten-year lease expiring November 30, 1991 for office space, with minimum annual rent of $194 903.

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES — SOQUIA

R.S.Q., c. S-21

AUDITOR'S REPORT

I have examined the balance sheet of the Société québécoise d'initiatives agro-alimentaires — SOQUIA, at March 31, 1984 as well as the statement of operating results and deficit and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1984 as well as its operating results and change in financial position for the fiscal year then ended, according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, January 28, 1985

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES — SOQUIA

R.S.Q., c. S-21

BALANCE SHEET

as at March 31, 1984

	1984	1983 (Note 8)
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$1 669 902	$4 683 885
Accounts receivable	756	21 283
Subsidy receivable from the Government	153 000	
Accrued interest and dividends receivable	209 160	304 603
Capital payments on investments accruing within a year (Note 3)	433 600	1 240 400
	2 466 418	6 250 171
INVESTMENTS		
Wholly-owned subsidiaries (Notes 3 & 4)	11 597 026	10 653 895
Financial assistance to firms — capital stock participation and loans (Note 3)	36 968 104	30 131 291
	48 565 130	40 785 186
FIXED ASSETS (Note 5)	94 618	118 576
	$51 126 166	$47 153 933
LIABILITIES		
CURRENT LIABILITIES		
Bank loan, unsecured	$2 200 000	$2 200 000
Accounts payable and accrued charges	296 752	465 005
Allowance for claims — bank loan guarantees (Note 6)	479 000	2 797 639
	2 975 752	5 462 644
ADVANCES FROM THE GOVERNMENT	300 000	300 000
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 7)		
Authorized		
850 000 shares, $100 par value		
Issued and paid-up: 464 000 shares	46 400 000	40 000 000
ASSETS ASSIGNED BY THE GOVERNMENT AND CONVERTED INTO INVESTMENTS IN SUBSIDIARIES	9 540 201	9 540 201
DEFICIT	(8 089 787)	(8 148 912)
	47 850 414	41 391 289
	$51 126 166	$47 153 933

ON BEHALF OF THE BOARD OF DIRECTORS

André MARIER
Léo J. MARQUIS

OPERATING RESULTS AND DEFICIT

for the fiscal year ended March 31, 1984

	1984	1983 (Note 8)
INVESTMENT EARNINGS		
Net profit (loss) of subsidiaries (Note 4)		
C.D.M.V. Inc.	$652 764	$312 977
Usine de congélation de St-Bruno Inc.	152 921	257 270
Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc.	168 578	107 979
Société québécoise des pêches	(123 665)	
	850 598	678 226
Interest	1 885 935	1 614 303
Dividends	1 365 287	1 344 002
Gain on disposal of investments		258 915
Other	22 572	16 812
	4 124 392	3 912 258
PROVISION FOR LOSSES		
Financial assistance to firms — capital stock participation and loans including interest accrued and receivable (Note 3c)	2 448 650	9 834 847
Bank loan guarantees (Note 6)	242 690	1 680 639
	2 691 340	11 515 486
ADMINISTRATIVE EXPENSES		
Wages, salaries and fringe benefits	751 819	706 397
Professional and administrative services	59 978	156 448
Office space and upkeep	122 476	109 418
Financial charges	244 130	7 919
Sundry	166 376	155 282
Depreciation on fixed assets	29 148	34 327
	1 373 927	1 169 791
NET PROFIT (LOSS)	59 125	(8 773 019)
DEFICIT (RETAINED EARNINGS) AT THE BEGINNING	8 148 912	(624 107)
RETAINED EARNINGS AT YEAR-END	$8 089 787	$8 148 912

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES — SOQUIA

CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1984

	1984	1983 (Note 8)
SOURCE OF FUNDS		
Net profit (loss) for the year	$59 125	($8 773 019)
Items not affecting working capital:		
Net profit of subsidiaries	(850 596)	(678 226)
Provision for losses on financial assistance to firms — capital stock participation and loans	1 664 862	9 298 986
Gain on disposal of capital stock participation		(258 915)
Depreciation on fixed assets	29 148	34 327
Funds from operations	902 537	
Funds used for operations		(376 847)
Capital stock issued	6 400 000	5 000 000
Disposal of vessels	3 033 483	
Loan payments and disposal of capital stock participation in firms		
Proceeds from disposal of fixed assets	226 099	2 050 334
Subsidies		100 000
Advances from the Government		300 000
Other assets		280 000
Proceeds on disposal of fixed assets		4 941
	10 562 119	7 358 428
APPLICATION OF FUNDS		
Investments in wholy-owned subsidiaries	192 533	
Financial assistance to firms — capital stock participation and loans granted	8 627 774	8 995 078
Acquisition of fixed assets	5 190	50 201
Acquisition of vessels	3 033 483	
	11 858 980	9 045 279
DECREASE IN WORKING CAPITAL	1 296 861	1 686 851
WORKING CAPITAL AT THE BEGINNING	787 527	2 474 378
WORKING CAPITAL (DEFICIT) AT YEAR-END	($509 334)	$787 527

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES — SOQUIA

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

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1 — CONSTITUTION AND PURPOSE

The Société québécoise d'initiatives agro-alimentaires — SOQUIA, is a joint-stock company founded under a special Act and is responsible for:

- promoting the establishment, modernization, expansion and consolidation of firms in the area of food production;
- taking part in the production, processing and marketing of any foodstuffs derived from agriculture or commercial fisheries.

Société activities centre around the acquisition of shares and the granting of shareholder loans to firms operating in the agricultural and food production sector within Québec. SOQUIA shares are part of the public domain and are assigned to the Minister of Finance.

2 — MAJOR ACCOUNTING POLICIES

Société financial statements were prepared by management according to generally accepted accounting principles, given the framework and relative importance of accounting practice summarized as follows:

Investments

Subsidiaries

SOQUIA's interest in its wholly-owned subsidiaries, the Centre de distribution de médicaments vétérinaires (C.D.M.V.) Inc., Usine de congélation de St-Bruno Inc. and Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc. and the Société québécoise des pêches is recorded at equity value.

The financial statements of subsidiaries are not consolidated with those of SOQUIA since management considers that the presentation at equity value allows shareholder analysis of their activities distinct from those of SOQUIA.

The SOQUIA interest in the Société québécoise des bio-technologies agro-alimentaires — BIO-AGRAL, is shown at cost since this subsidiary did not operate during the year.

Financial assistance to firms — capital stock participation

Shares are recorded at cost of acquisition. SOQUIA interest does not exceed 50% of the firm's capital stock on acquisition. Where SOQUIA subsequently gains effective control to protect its investment or to ensure the continuity of financial intervention, participation continues to be shown at cost under the same item on the balance sheet.

Provision for losses on financial assistance to firms — capital stock participation and loans

The provision for losses on financial assistance to firms through capital stock participation is established by a valuation of each case at lesser of cost and estimated realization value. For loans, the provision is established by projecting the loss for each account presenting major collection problems.

Fixed assets

Fixed assets are shown at their cost of acquisition with depreciation charged as follows:

	Rate	Method
Furniture and equipment	20%	Diminishing balance
Vehicles	25%	Diminishing balance
Leasehold improvements	—	over the length of the lease

Pension plan

The contribution as employer to the pension plan for SOQUIA employees is assumed by the Government and not shown on the financial statements.

3 — INVESTMENTS

	1984	1983
(a) Wholly-owned subsidiaries		
— at equity value		
Centre de distribution de médicaments vétérinaires (C.D.M.V.) Inc.		
Common shares, at cost	$1 750 000	$1 750 000
Retained earnings	1 948 921	1 296 157
Long-term loan		200 000
	3 698 921	3 246 157
Capital payment due within a year		100 000
	3 698 921	3 146 157
Usine de congélation de St-Bruno Inc.		
Common shares, at cost	1 064 473	1 064 473
Retained earnings	289 009	136 088
	1 353 482	1 200 561
Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc.		
Common shares, at cost	6 024 111	6 024 111
Retained earnings	451 644	283 066
	6 475 755	6 307 177
Société québécoise des pêches*		
Deficit	123 665	
Advances	179 079	
	55 414	
— at cost:		
Société des bio-technologies agro-alimentaires (BIO-AGRAL)*		
Advances	13 454	
	$11 597 026	$10 653 895

* Founded under the Act respecting the Société québécoise d'initiatives agro-alimentaires. No capital stock had been issued at March 31, 1984.

	1984	1983
b) Financial assistance to firms — capital stock participation and loans, at cost		
Common shares*	$30 320 541	$24 022 932
Preferred shares	854 922	363 911
Loans and debentures**	12 468 525	16 284 256
	43 643 988	40 671 099
Less: Capital payments due within a year	433 600	1 140 400
	43 210 388	39 530 699
Provision for losses	6 242 284	9 399 408
	$36 968 104	$30 131 291

* At March 31, 1984, $11 971 050 of common shares (1983: $11 971 050) had a market value of $26 688 100 (1983: $18 032 500). The balance of unlisted common shares in the amount of $18 349 491 (1983: $12 051 882) including a provision for losses of $1 371 041 (1983: $887 191) that was fully funded had a book value of $25 754 900 (1983: $16 564 100) on the firms' date of closing.

** A subsidy from the Government in the amount of $400 000 has been subtracted from the investment cost (1983: $862 000 subtracted from preferred shares and $400 000 from debentures and loans).

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

(c) Provision for losses on financial assistance to firms — capital stock participation loans and interest, accrued and receivable

	1984	1983
Balance at the beginning	$9 935 269	$5 522 486
Written off during the year:		
Capital stock participation	300 001	750 001
Loans	4 521 985	4 138 350
Loan interest accrued and receivable	342 223	533 713
	5 164 209	5 422 064
	4 771 060	100 422
Provision for the year:		
Capital stock participation	1 274 862	275 750
Loans	390 000	9 023 236
	1 664 862	9 298 986
Loan interest accrued and receivable	783 788	535 861
	2 448 650	9 834 847
	$7 219 710	$9 935 269

The provision for losses is subtracted from balance sheet items as follows:		
Capital stock participation	$2 093 883	$1 119 022
Loans	4 148 401	8 280 386
	6 242 284	9 399 408
Accrued interest and dividends receivable	977 426	535 861
	$7 219 710	$9 935 269

4 — SUMMARY FINANCIAL DATA ON WHOLLY-OWNED SUBSIDIARIES — AT EQUITY VALUE ($ THOUSANDS)

	C.D.M.V. Inc.	Usine de congélation de St-Bruno Inc.	Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc.	Société québécoise des pêches	Total	
					1984	1983
Balance sheet at March 31st						
Current assets	5 726	297	3 131	2 034	11 188	8 783
Investments				22	22	
Fixed assets, depreciated	238	1 092	3 768	18	5 116	4 956
Other assets		29	1 716		1 745	2 274
	5 964	1 418	8 615	2 074	18 071	16 013
Current liabilities						
Toward third parties	2 265	65	1 656	19	4 005	4 919
Madelipêche Inc.				2 000	2 000	
Long-term debt						
Toward third parties			483		483	341
SOQUIA				179	179	200
Shareholder equity — SOQUIA:						
Capital stock	1 750	1 064	6 024		8 838	8 838
Retained earnings (deficit)	1 949	289	452	(124)	2 566	1 715
	5 964	1 418	8 615	2 074	18 071	16 013

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1984

	C.D.M.V. Inc.	Usine de congélation de St-Bruno Inc.	Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc.	Société québécoise des pêches	Total 1984	Total 1983
Operating results and retained earnings (deficit) for the year						
Sales	20 711	875	6 691	1	28 278	23 295
Gross profit	2 664	325	6 691	1	9 681	8 556
Operating and management expenses less other revenue	2 011	172	6 522	125	8 830	7 878
Net profit (loss) for the year	653	153	169	(124)	851	678
Retained earnings at the beginning	1 296	136	283		1 715	1 037
Retained earnings (deficit) at year-end	1 949	289	452	(124)	2 566	1 715

5 — FIXED ASSETS

	1984 Cost	1984 Accumulated Depreciation	1984 Net	1983 Net
Furniture and equipment	$133 895	$69 621	$64 274	$75 152
Vehicle	16 629	6 501	10 128	13 505
Leasehold improvements	50 426	30 210	20 216	29 919
	$200 950	$106 332	$94 618	$118 576

6 — PROVISION FOR CLAIMS — BANK LOAN GUARANTEES

	1984	1983
Provision for claims — bank loan guarantees		
Balance at the beginning	$2 797 639	$1 117 000
Use of guarantees	2 561 329	
	236 310	1 117 000
Provision for the year	242 690	1 680 639
Balance at year-end	$479 000	$2 797 639

The Société guaranteed bank loans of $1.4 million at March 31, 1984 ($4.3 million at March 31, 1983) on behalf of firms in which SOQUIA holds an interest.

7 — CAPITAL STOCK

During the year, an amendment to SOQUIA's founding Act increased the amount of authorized capital stock for the Société from $40 million to $85 million. SOQUIA received $6 400 000 as payment for 64 000 shares, bringing its paid-up capital to $46 400 000.

The Minister of Finance will pay $3 million in 1984-1985 and $4 million in 1985-1986 for 70 000 shares. The remainder of unsubscribed capital stock in the amount of $31 600 000 will be paid to SOQUIA according to its needs, with prior Government approval.

From March 31, 1984 until the time the financial statements were prepared, SOQUIA received $5 400 000 from the Government for 54 000 shares.

8 — COMPARATIVE FIGURES

Certain 1983 figures were reclassified for purposes of comparison with the 1984 presentation.

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES — SOQUIP

R.S.Q., c. S-22

AUDITOR'S REPORT

I have examined the consolidated balance sheet of the Société québécoise d'initiatives pétrolières — SOQUIP, at March 31, 1984 as well as the consolidated statement of operating results, that of retained earnings and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1984 as well as its operating results and change in financial position for the fiscal year then ended, according to generally accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, F.C.A.
Auditor-General

Québec, June 8, 1984

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES — SOQUIP

R.S.Q., c. S-22

BALANCE SHEET

as at March 31, 1984

	1984	1983
ASSETS		
CURRENT ASSETS		
Cash and term deposits	$9 720 640	$9 767 042
Accounts receivable	6 035 994	2 461 585
Subsidies receivable under programs to encourage petroleum production	637 489	14 720 394
Drilling supplies, at cost	540 012	546 082
	16 934 135	27 495 103
INVESTMENTS (Note 3)	68 701 922	38 115 489
OIL AND GAS PROPERTIES (Note 4)	100 316 903	98 263 578
FIXED ASSETS (Note 5)	3 362 292	2 539 801
OTHER	512 765	
	$189 828 017	$166 413 971
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	$2 866 702	$23 073 892
Payments on long-term debt due within a year (Note 6)	408 012	478 506
	3 274 714	23 552 398
LONG-TERM DEBT (Note 6)	19 385 558	9 066 225
SHAREHOLDER EQUITY		
Capital stock (Note 7)	164 000 000	134 000 000
Retained earnings (déficit)	3 167 745	(204 652)
	167 167 745	133 795 348
	$189 828 017	$166 413 971

COMMITMENTS AND CONTINGENT LIABILITY (Note 11)

ON BEHALF OF THE BOARD OF DIRECTORS

Jacques PAQUIN
Pierre MARTIN

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES — SOQUIP

CONSOLIDATED STATEMENT OF OPERATING RESULTS

for the fiscal year ended March 31, 1984

	1984	1983
REVENUE		
Sale of natural gas (Note 8)	$5 243 917	$4 138 382
Less: royalties	884 887	470 908
	4 359 030	3 667 474
Share in net earnings of affiliates (Note 3)	6 143 072	3 967 287
Other	250 034	132 913
	10 752 136	7 767 674
EXPENDITURE		
Natural gas production	1 186 484	528 640
Depreciation and depletion	2 454 000	1 872 024
General and administrative expenses	3 360 082	2 662 851
Net financial charges (Note 9)	43 976	676 165
	7 044 542	5 739 680
PROFIT BEFORE THE FOLLOWING ITEMS	3 707 594	2 207 994
Recovery on royalties (Note 10)	164 803	589 098
Investment write-down	(500 000)	
Feasibility studies		(591 144)
	(335 197)	(2 046)
NET PROFIT	3 372 397	2 025 948$

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the fiscal year ended March 31, 1984

	1984	1983
Deficit at the beginning	$(204 625)	$(2 230 600)
Net profit	3 372 397	2 025 948
Retained earnings (deficit) at year-end	$3 167 745	$(204 652)

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended March 31, 1984

	1984	1983
SOURCE OF FUNDS		
Funds from operations		
Net profit	$3 372 397	$2 025 948
Items involving no outlay of funds:		
Depreciation and depletion	2 454 000	1 872 024
Investment write-down	500 000	
Share in net earnings of affiliates after subtracting dividends paid	(2 836 072)	(1 559 287)
Loss on sale of fixed assets		36 171
	3 490 325	2 374 856
Subsidies under programs to encourage petroleum production	26 414 919	19 213 615
Subscription of shares	30 000 000	19 000 000
Long-term debt	17 407 515	9 091 600
Disposal of oil and gas properties	11 000 000	
Sale of fixed assets		32 149
	88 312 759	49 712 220
APPLICATION OF FUNDS		
Acquisition of oil and gas properties	41 220 254	30 977 755
Acquisition of fixed assets	1 480 278	339 253
Investments	28 294 564	25 184 555
Long-term debt	7 088 182	851 605
Other asset	512 765	
	78 596 043	57 353 168
INCREASE (DECREASE) IN WORKING CAPITAL	9 716 716	(7 640 948)
WORKING CAPITAL AT THE BEGINNING	3 942 705	11 583 653
WORKING CAPITAL AT YEAR-END	$13 659 421	$3 942 705

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES — SOQUIP

NOTES TO FINANCIAL STATEMENTS
at March 31, 1984

1 — CONSTITUTION AND PURPOSE

Founded as a joint-stock company under a special Act in 1969, the Société québécoise d'initiatives pétrolières (SOQUIP) has been conferred the task of carrying on research, production, storage, transportation, purchase, importing and sale of hydrocarbons in liquid or gaseous forms, all within the perspective of profitability.

2 — ACCOUNTING POLICIES

SOQUIP financial statements were prepared by management according to generally accepted accounting principles, given the framework and relative importance of accounting practice summarized as follows:

Consolidation

The consolidated financial statements include the accounts of SOQUIP and its wholly-owned subsidiary EXPLORATION SOQUIP INC. and its subsidiary as well as SOQUIP Alberta Inc. and its subsidiary.

Investments

SOQUIP records its investments at equity value where its share of voting stock in a company is between 20% and 50% and SOQUIP exercises significant influence on financial and administrative decision making. The investment is recorded at cost, plus the SOQUIP share of the company's net profit and reduced correspondingly in the event of a loss or payment of dividends.

Portfolio investments are recorded at cost.

Oil and gas properties

SOQUIP capitalizes all exploration and development costs to oil and gas properties. Included are the cost of acquiring concessions, geological and geophysical work, rent on non-productive land, drilling costs and general charges having to do with exploration and development.

Subsidies to which SOQUIP is entitled under programs to encourage petroleum production are applied to reduce the cost of oil and gas properties.

These accumulated costs for exploration and development of oil and gas reserves are assigned to projects whose evaluation has been completed or is in progress. The costs of evaluated projects is amortized according to the proportional depletion of proven reserves.

The accumulated costs of projects under valuation, including large ones for which no proven reserves have been found, are excluded from depletion until reserves are discovered or the project abandoned.

Oil and gas properties that have been valuated are recorded at the lesser of their depreciated cost and the estimated value of proven reserves.

The accumulated cost of projects under valuation, including large ones for which no proven reserves have been found, are excluded from depletion until reserves are discovered or the project abandoned.

Joint ventures

The Société is involved in many joint ventures. The financial statements only reflect SOQUIP's proportional interest.

Fixed assets

Fixed assets are recorded at cost of acquisition. The diminishing balance method is used in charging depreciation at a constant annual rate as follows:

Warehouses	5%
Equipment	5% to 20%
Rolling-stock	30%
Gas pipeline	6%

Depreciation on leasehold improvements is charged according to estimated service life over the length of the lease.

3 — INVESTMENTS

	% Interest	1984	1983
At equity value:			
Gaz Métropolitain, inc. (a) 5 900 000 common shares (5 300 000 in 1983), no par value market value: $42 067 000; $34 450 000 in 1983)	20.3%	$40 295 890	$32 701 095$
Gaz Inter-Cité Québec Inc. (a) 17 205 682 common shares (4 955 682 in 983), no par value	49%	16 664 587	4 315 862
GNC Québec Ltée (a) 100 000 common shares, no par value, and an advance of $247 000	25%	65 841	98 542
PAREX, a partnership (b)	33⅓%	11 175 614	
Other investment, at estimated realization value		499 990	999 990
		$68 701 922	$38 115 489

(a) The share in net earnings of affiliates in the amount of $6 143 072 was determined on the basis of audited financial statements at December 31, 1983 ($ 2 221 798) and of unaudited statements for the period January 1, through March 31, 1984 ($3 921 273). Dividends received during the year amounted to $3 307 000.

(b) This partnership was formed by a wholly-owned subsidiary of SOQUIP and two other firms for the purpose of carrying out exploration in the waters off Newfoundland and Nova Scotia. Attendant management expenses were capitalized to the cost of this investment. Recovery of the amount invested will depend on the success of PAREX activities.

The SOQUIP interest in the assets, liabilities and equity of the associates at March 31, 1984 is as follows:

Assets	$11 951 209
Liabilities	951 209
Associates' equity	$11 000 000

Since the PAREX fiscal year ends December 31, the figures above are taken from its unaudited financial statements at March 31, 1984.

NOTES TO FINANCIAL STATEMENTS (cont'd)

at March 31, 1984

4 — OIL AND GAS PROPERTIES

	1984			1983
	Cost	Accumulated Depletion	Net	Net
Valuation completed	$70 199 235	$4 144 200	$66 055 035	$53 363 898
Under valuation	34 261 868		34 261 868	44 899 680
	$104 461 103	$4 144 200	$100 316 903	$98 263 578

5 — FIXED ASSETS

	1984	1983
Land, storage facilities and equipment	$3 753 674	$3 781 939
Gas pipeline	1 172 427	
	4 926 101	3 781 939
Accumulated depreciation	(1 563 809)	(1 242 138)
	$3 362 292	$2 539 801

6 — LONG-TERM DEBT

	1984	1983
SOQUIP		
Interest-free loans payable according to the production of certain gas reserves	$504 321	$561 880
Others, interest-free	132 500	
Bank loan		7 000 000
	636 821	$7 561 880
EXPLORATION SOQUIP INC.		
Note, interest-free, payable as of June 1986 to June 1988 by annual instalments of $2 500 000, balance due June 1989	10 184 749	1 982 851
SOQUIP ALBERTA INC.		
Bank loan, prime rate, due April 30, 1985, secured by certain oil and gas reserves, the assignment of accounts receivable and certain gas supply contracts	8 972 000	
	19 793 570	9 544 731
Long-term debt due within a year	408 012	478 506
	$19 385 558	$9 066 225

7 — CAPITAL STOCK

SOQUIP's capital stock is composed of $50 par value shares entirely held by the Government.

	1984	1983
	($ THOUSANDS)	($ THOUSANDS)
Authorized: 5 100 000 shares	255	255
Issued and paid-up: 3 280 000 shares (2 680 000 in 1983)	164	134

Additional share subscriptions

Under the Act respecting the Société québécoise d'initiatives pétrolières, provision is made for further subscriptions of its shares to take place as follows:

	1984-1985	1985-1986	Total
	($ THOUSANDS)	($ THOUSANDS)	($ THOUSANDS)
At SOQUIP's request	26		26
At SOQUIP's request, for purposes accepted by the Government	25	25	50
	51	25	76
At SOQUIP's request, with prior approval of the Government			15
			91

Should the Société ask for less than the maximum subscription in any given year, the difference may be requested later.

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES — SOQUIP

NOTES TO FINANCIAL STATEMENTS (cont'd)

at March 31, 1984

8 — SALE OF NATURAL GAS

The item represents natural gas sales from the reserves of SOQUIP or its wholly-owned subsidiaries. It does not include $830 000 of sales at cost price made by SOQUIP as go-between under certain supply contracts.

9 — NET FINANCIAL CHARGES

	1984	1983
Interest on long-term debt	$679 809	$1 258 543
Less: Interest on bank deposits and current investment earnings	635 833	582 378
	$43 976	$676 165

10 — RECOVERY OF ROYALTIES

The amount of $164 803 represents royalties reimbursed by the Alberta government applying to fiscal years 1975-1976 to 1977-1978 and has not been posted retroactively.

11 — COMMITMENTS AND CONTINGENT LIABILITY

Commitments

(a) SOQUIP is committed under leases for premises and rolling-stock to the following minimal payments over the next five years:

1985	$757 000
1986	759 000
1987	761 000
1988	764 000
1989	691 000

(b) Under the terms of the partnership agreement forming PAREX in September 1983, the EXPLORATION SOQUIP INC. subsidiary is jointly liable with its associates for PAREX obligations. The share of additional investment called for by the agreement, net of anticipated subsidies for encouraging petroleum production, amouts to approximately $9 million.

(c) Under the provisions of fixed benefit pension plans, SOQUIP is committed to making up any eventual actuarial deficiency, under certain conditions. According to the actuarial valuation dated December 31, 1983, pension plans were fully capitalized.

(d) In addition to commitments made in the normal course of affairs, SOQUIP and one of its subsidiaries are responsible for the obligations of two partnership associates.

Contingent liability

SOQUIP has issued a demand note for $1 666 665 to guarantee that certain exploration work by its subsidiary EXPLORATION SOQUIP INC. will be completed on schedule.

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools,
research institutes and other units
R.S.Q., c. U-1

AUDITOR'S REPORT

We have examined the consolidated and synoptic balance sheets of the Operating, Trust, and Investment Funds of the Université du Québec at May 31, 1984 as well as the consolidated and synoptic statements of fund balances, of Operating Fund revenue and expenditure and that of the Investment Fund's change in financial position for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and therefore included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial situation of the Université du Québec at May 31, 1984 as well as its operating results and change in financial position for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

SAMSON BÉLAIR
Chartered Accountants

Québec, July 25, 1984

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools, research institutes and other units

R.S.Q., c. U-1

OPERATING FUNDS
CONSOLIDATED BALANCE SHEET
as at May 31
($ THOUSANDS)

	1984	1983
ASSETS		
OPERATING FUND, UNRESTRICTED		
Cash and deposits		28 293
Accounts receivable		
Students	875	915
Other	3 620	2 529
Subsidies receivable		
Ministère de l'Éducation	35 499	231
Other	184	82
Inventories and prepaid expenses (Note 4)	4 195	3 757
Investments, at cost (Note 5)	318	50
Advances to the Investment Fund	2 066	1 543
Advances to the Trust Fund		7
FUND TOTAL	46 757	37 407
OPERATING FUND, RESTRICTED		
Cash and deposits	3 265	3 171
Accounts receivable	517	505
Subsidies receivable	6 791	5 334
Prepaid expenses	31	135
Advances to unrestricted fund	6 123	5 447
Advances to the Investment Fund	266	375
FUND TOTAL	16 993	14 967

ON BEHALF OF THE BOARD OF GOVERNORS

Gilles BOULET
Chairman

Roger LEFRANÇOIS
Vice-president, Administration and Finance

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units
R.S.Q., c. U-1
OPERATING FUNDS
CONSOLIDATED BALANCE SHEET
as at May 31
($ THOUSANDS)

	1984	1983
LIABILITIES		
OPERATING FUND, UNRESTRICTED		
Bank overdraft	1 779	
Bank loans	9 271	22
Accounts payable and accrued charges	20 664	19 346
Deferred revenue	2 641	2 157
Owed to restricted fund	6 123	5 447
Owed the Trust Fund	78	
	40 556	26 972
Fund balance	6 201	10 435
FUND TOTAL	46 757	37 407
OPERATING FUND, RESTRICTED		
Accounts payable and accrued charges	427	530
Owed the Trust Fund	18	6
	445	536
Fund balance	16 548	14 431
FUND TOTAL	16 993	14 967

COMMITMENTS AND CONTINGENT LIABILITIES (Note 13)

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units
R.S.Q., c. U-1
TRUST FUND
CONSOLIDATED BALANCE SHEET
as at May 31
($ THOUSANDS)

	1984	1983
ASSETS		
Cash and deposits	441	278
Accounts receivable	95	124
Investments, at cost	12	12
Advances to unrestricted fund	78	
Advances to restricted fund	18	6
FUND TOTAL	644	420
LIABILITIES		
Accounts payable and accrued charges	10	
Owed to unrestricted fund		7
Owed to the Investment Fund	1	
Interest-free loan, due in 1989	12	12
	23	19
Fund balance	621	401
FUND TOTAL	644	420

COMMITMENTS AND CONTINGENT LIABILITIES (Note 13)

ON BEHALF OF THE BOARD OF GOVERNORS

Gilles BOULET
Chairman

Roger LEFRANÇOIS
Vice-president, Administration and Finance

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units
R.S.Q., c. U-1

INVESTMENT FUND
CONSOLIDATED BALANCE SHEET

as at May 31
($ THOUSANDS)

	1984	1983
ASSETS		
Cash and deposits	716	1 137
Accounts receivable	5	4
Claims — ministère de l'Éducation	22 104	36 625
Long-term subsidy receivable (Note 3)	45	60
Investments (Note 5)	817	545
Fixed assets (Note 6)	340 334	308 407
Deferred financial charges, at amortized cost	4 721	4 406
Advances to the Trust Fund	1	
FUND TOTAL	368 743	351 184
LIABILITIES		
Bank loans	21 470	35 064
Accounts payable and accrued charges	445	507
Holdbacks on contracts	270	500
Owed to unrestricted fund	2 066	1 543
Owed to restricted fund	266	375
Reserve for acquisition of fixed assets	92	90
Ministère de l'Éducation claim	22 104	36 625
Long-term debt (Note 7)	225 326	200 798
	272 039	275 502
Fund balance	96 704	75 682
FUND TOTAL	368 743	351 184

COMMITMENTS AND CONTINGENT LIABILITIES (Note 13)

ON BEHALF OF THE BOARD OF GOVERNORS

Gilles BOULET
Chairman

Roger LEFRANÇOIS
Vice-president, Administration and Finance

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUNDS
CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE

for the fiscal year ended May 31
($ THOUSANDS)

	Unrestricted		Restricted	
	1984	1983	1984	1983
REVENUE				
Tuition fees	17 656	16 295		
Subsidies				
— Gouvernement du Québec				
Ministère de l'Éducation (Note 8)	235 662	218 586	1 120	2 045
Debt servicing			32 944	24 203
Other	3 268	2 816	10 366	6 183
— Government of Canada	1 285	832	10 174	9 146
— Other	2 462	2 796	2 491	2 704
Investments and endowments	1 961	3 259		
Ancillary ventures	15 080	13 511		
Other revenue	11 055	9 868	378	222
Transfer from restricted fund balance	82	55		
Funds for special projects	3 361	2 538		
Contribution from unrestricted fund			33	4
	291 872	270 556	57 506	44 507
EXPENDITURE				
Teaching and research	159 866	149 289	23 681	19 418
Subsidized research	2 515	1 865		
General services	5 826	4 818	433	198
Library	13 896	12 579	81	87
Audio-visual services	4 389	4 162	9	15
Data processing	12 284	11 055		
Administration and contributions	34 525	33 378	46	54
Land and buildings	39 803	32 908	281	518
Student services	5 990	5 520	31	14
Ancillary ventures	12 476	11 405		
Debt servicing — subsidized portion			32 944	24 203
Interest on budgetary deficit financing (Note 11)	150	220		
Contribution to restricted fund	109	4		
	291 829	267 203	57 506	44 507
SURPLUS REVENUE BEFORE THE FOLLOWING ITEMS	43	3 353		
Adjustment to prior years' subsidies	(431)	216		
Other extraordinary items (Note 12)	(485)			
SURPLUS REVENUE (EXPENDITURE)	(873)	3 569	—	—

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUNDS
CONSOLIDATED STATEMENT OF FUND BALANCE

for the fiscal year ended May 31
($ THOUSANDS)

	1984	1983
UNRESTRICTED		
BALANCE AT THE BEGINNING		
Balance carried forward	10 038	8 995
Retroactive adjustments (Note 10)	397	409
Adjusted balance	10 435	9 404
Appropriated balance spending	(3 361)	(2 538)
Surplus revenue (expenditure) for the year	(873)	3 569
BALANCE AT YEAR-END	6 201	10 435
Detailing as:		
— appropriated	3 654	6 912
— unappropriated	2 547	3 523
	6 201	10 435
RESTRICTED		
BALANCE AT THE BEGINNING		
Balance carried forward	14 568	13 286
Reclassification of Endowment Fund	345	39
Retroactive adjustments (Note 10)	(482)	(447)
Adjusted balance	14 431	12 878
Subsidies		
— Gouvernement du Québec		
Ministère de l'Éducation	2 235	3 058
Debt servicing	32 944	24 203
Other	10 639	5 499
— Government of Canada	11 452	10 099
— Other	2 506	3 038
Investments and endowments	32	18
Other revenue	90	39
Contribution from unrestricted fund	109	4
Recovery on prior expenditure		157
Transfer to unrestricted fund revenue	(82)	(55)
Transfer to Investment Fund earnings	(2)	
Write-off of subsidy receivable from the Government at May 31, 1983	(300)	
	74 054	58 938
Appropriated revenue to cover expenditure for the year	57 506	44 507
BALANCE AT YEAR-END	16 548	14 431

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

TRUST FUND
CONSOLIDATED STATEMENT OF FUND BALANCE
for the fiscal year ended May 31
($ THOUSANDS)

	1984	1983
BALANCE AT THE BEGINNING	401	486
Revenue	1 032	670
	1 433	1 156
Expenditure	812	755
BALANCE AT YEAR-END	621	401

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

INVESTMENT FUND
CONSOLIDATED STATEMENT OF FUND BALANCE
for the fiscal year ended May 31
($ THOUSANDS)

	1984	1983
BALANCE AT THE BEGINNING		
Balance carried forward	74 903	67 593
Retroactive adjustments (Note 10)	779	
Adjusted balance	75 682	67 593
Subsidies — gouvernement du Québec	6 910	835
Contribution from		
unrestricted fund	10 994	6 256
restricted fund	2 451	2 679
Interest and other revenue	8	48
Subsidies and contributions — other	47	115
Endowment of fixed assets	3 366	
Transfer from the reserve for future construction	26	100
Increase in appraised value of works of art		50
	99 484	77 676
Write-off and loss on disposal of fixed assets	(1 309)	(186)
Amortization of financial charges — discounts and unsubsidized capital spending	(1 272)	(996)
Write-off of debenture issue charges	(199)	(188)
Write-off of interest on financing		(624)
	(2 780)	(1 994)
BALANCE AT YEAR-END (including valuation surplus — Note 6)	96 704	75 682

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

INVESTMENT FUND
CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended May 31
($ THOUSANDS)

	1984	1983
SOURCE OF FUNDS		
Net proceeds from debenture issues	33 546	16 620
Contribution from		
unrestricted fund	10 994	6 256
restricted fund	35 171	26 665
Contributions — other	130	230
Interest and other revenue	8	48
Sale of fixed assets	31	220
Cash receipts on long-term accounts receivable	20	20
	27	28
Net commitments under capital lease contracts	(37)	623
Increase in other long-term debt	1 164	
	81 054	50 710
APPLICATION OF FUNDS		
Acquisition of fixed assets	28 627	24 081
Bank loan interest capitalized	2 457	2 028
Investments	299	
Debt servicing		
capital	10 600	13 872
interest	25 814	23 156
Transfer to reserve for future construction		(980)
Long-term debt charges	204	755
	68 001	62 912
INCREASE (DECREASE) IN THE FUND	13 053	(12 202)
UNFUNDED BALANCE AT THE BEGINNING		
Balance carried forward	(36 780)	(24 634)
Retroactive adjustments (Note 10)	(18)	38
Adjusted balance	(36 798)	(24 596)
UNFUNDED BALANCE AT YEAR-END (Note 9)	(23 745)	(36 798)

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools, research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC BALANCE SHEET
as at May 31
($ THOUSANDS)

	UQUAM	UQTR	UQAC	UQAR	UQAH
ASSETS					
Cash and deposits	498	96	168	37	27
Accounts receivable:					
Students	12 812	4 825	3 556	2 221	1 997
Université du Québec		9	65	(24)	63
Other constituent units	512	297	145	142	74
Other					
Subsidies receivable					
Ministère de l'Éducation					
Other				70	
Inventories (Note 4)	524	171			
Prepaid expenses (Note 4)	1 079	80	160	97	
Investments, at cost (Note 5)		50			
Advances to the Investment Fund	12	1 297		249	161
Advances to the Trust Fund					
FUND TOTAL	15 437	6 825	4 094	2 792	2 322
LIABILITIES					
Bank overdraft	2 138	(88)	77	299	33
Bank loans	4 345	1 010	200		
Accounts payable and accrued charges	7 016	2 864	1 606	951	933
Deferred revenue	654	255	254	152	95
Owed to restricted fund	1 836	1 609	668	829	622
Owed to the Trust Fund	17	13		5	
	16 006	5 663	2 805	2 236	1 683
Fund balance (debit)	(569)	1 162	1 289	556	639
FUND TOTAL	15 437	6 825	4 094	2 792	2 322

COMMITMENTS AND CONTINGENT LIABILITIES (Note 13)

ON BEHALF OF THE BOARD OF GOVERNORS

Gilles BOULET
Chairman

Roger LEFRANÇOIS
Vice-president, Administration and Finance

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC BALANCE SHEET
as at May 31
($ THOUSANDS)

UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1984 Total	1983 Total
									28 293
19	1	29						875	915
1 019	770	1 704	1 108	68	1 524	992	(32 596)		
(48)	(122)	23			44		(10)		
26	882	216	32		218	606	470	3 620	2 529
							35 499	35 499	231
						114		184	82
	128		12			1 096		1 931	1 772
154	28					533	133	2 264	1 985
						268		318	50
15	36	(14)	339		35	(46)	(18)	2 066	1 543
									7
1 185	1 723	1 958	1 491	68	1 821	3 563	3 478	46 757	37 407
235	66	(619)	146		(1 272)	(123)	887	1 779	
268	85		790				2 573	9 271	22
414	739	1 768	612	2	1 126	1 833	800	20 664	19 346
51	639	97	101		192	120	31	2 641	2 157
193	50	35	21		(244)	443	61	6 123	5 447
							43	78	
1 161	1 579	1 281	1 670	2	(198)	2 273	4 395	40 556	26 972
24	144	677	(179)	66	2 019	1 290	(917)	6 201	10 435
1 185	1 723	1 958	1 491	68	1 821	3 563	3 478	46 757	37 407

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC STATEMENT OF REVENUE AND EXPENDITURE
for the fiscal year ended May 31
($ THOUSANDS)

	UQUAM	UQTR	UQAC	UQAR	UQAH
REVENUE					
Tuition fees	8 353	2 618	1 945	1 074	1 035
Subsidies					
— Gouvernement du Québec					
Ministère de l'Éducation (Note 8)	85 152	31 428	23 197	15 268	11 745
Other	11	516	498		
— Government of Canada			246		2
— Other	1 297			91	230
Investments and endowments	359	215	245	222	143
Ancillary ventures	4 916	1 397	188	338	152
Other revenue	2 118	2 542	2 166	346	548
Transfer from restricted fund balance				81	1
Funds for special projects		321	520	244	411
Appropriated revenue to cover commitments	102 206	39 037	29 005	17 664	14 267
EXPENDITURE					
Teaching and research	63 073	24 563	16 486	12 120	7 530
Subsidized research	1 668	477	370		
General services	578	629	826	22	160
Library	6 052	2 286	1 903	1 082	672
Audio-visual services	1 541	717	342	330	265
Data processing	3 017	1 211	1 000	537	925
Administration and contributions	8 567	3 747	2 742	2 066	1 978
Land and buildings	14 539	3 728	4 916	1 568	2 901
Student services	1 491	1 331	980	342	172
Ancillary ventures	3 119	1 345	108	321	152
Interest on budgetary deficit financing (Note 11)					
Contribution to restricted fund			76		28
	103 645	40 034	29 749	18 388	14 783
SURPLUS REVENUE (EXPENDITURE) BEFORE THE FOLLOWING ITEMS	(1 439)	(997)	(744)	(724)	(516)
Adjustment to prior years' subsidies	(466)		(12)	25	13
Université du Québec contribution toward budgetary deficits (Note 11)	3 532	1 090	1 011	535	540
Other extraordinary items (Note 12)	(485)				
SURPLUS REVENUE (EXPENDITURE)	1 142	93	255	(164)	37

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC STATEMENT OF REVENUE AND EXPENDITURE

for the fiscal year ended May 31
($ THOUSANDS)

								1984	1983
UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	Total	Total
471	740	999	356		44	21		17 658	16 295
5 665	4 985	11 648	5 736	821	10 918	9 457	19 642	235 662	218 586
26	1 852				336	29		3 288	2 816
	913	25			99			1 285	832
75	530	29	38			172		2 462	2 796
49	4	209	31		387		97	1 961	3 259
140	77					7 872		15 080	13 511
217	341	594	180		636	386	961	11 055	9 868
								82	55
181	35	203	410		433	303	300	3 361	2 538
6 824	9 477	13 707	6 751	821	12 853	18 240	21 020	291 872	270 556
4 806	2 935	9 070	4 507	749	8 994	5 033		159 866	149 289
								2 515	1 865
43	3 548		20					5 826	4 818
227	409	161	118		454	305	227	13 896	12 579
160		437	114		157	70	256	4 369	4 162
287	98	597	272		519	397	3 424	12 284	11 055
1 030	1 050	1 738	992	135	1 386	2 010	7 084	34 525	33 378
1 004	1 456	1 632	1 487		1 600	2 900	2 072	39 803	32 906
185	50	1 356	83					5 990	5 520
137	80					7 214		12 476	11 405
							150	150	220
	5							109	4
7 879	9 631	14 991	7 593	884	13 110	17 929	13 213	291 829	287 203
(1 055)	(154)	(1 284)	(842)	(63)	(257)	311	7 807	43	3 353
			(18)			85	(58)	(431)	216
886	272		662				(8 526)		
								(485)	
(169)	118	(1 284)	(198)	(63)	(257)	396	(779)	(873)	3 569

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC STATEMENT OF FUND BALANCE

for the fiscal year ended May 31
($ THOUSANDS)

	UQUAM	UQTR	UQAC	UQAR	UQAH
(DEBIT) BALANCE AT THE BEGINNING					
Balance carried forward	(1 711)	1 402	1 554	964	1 013
Retroactive adjustments (Note 11)		(12)			
Adjusted balance	(1 711)	1 390	1 554	964	1 013
Appropriated balance spending		(321)	(520)	(244)	(411)
Surplus revenue (expenditure) for the year	1 142	93	255	(164)	37
(DEBIT) BALANCE AT YEAR-END	(569)	1 162	1 289	556	639
Detailing as:					
Appropriated		122	671	209	83
Unappropriated	(569)	1 040	618	347	556
	(569)	1 162	1 289	556	639

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC STATEMENT OF FUND BALANCE

for the fiscal year ended May 31
($ THOUSANDS)

UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1984 Total	1983 Total
374	61	2 164	429	129	2 300	1 197	162	10 038	8 995
					409			397	409
374	61	2 164	429	129	2 709	1 197	162	10 435	9 404
(181)	(35)	(203)	(410)		(433)	(303)	(300)	(3 361)	(2 538)
(169)	118	(1 284)	(198)	(63)	(257)	396	(779)	(873)	3 569
24	144	677	(179)	66	2 019	1 290	(917)	6 201	10 435
159	144	46	77		1 679	296	168	3 654	6 912
(135)		631	(256)	66	340	994	(1 085)	2 547	3 523
24	144	677	(179)	66	2 019	1 290	(917)	6 201	10 435

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — RESTRICTED
SYNOPTIC BALANCE SHEET
as at May 31
($ THOUSANDS)

	UQUAM	UQTR	UQAC	UQAR	UQAH
ASSETS					
Cash and deposits	(74)		23		
Accounts receivable		121	25	10	9
Subsidies receivable	1 858	1 184	852	180	23
Investments, at cost					
Advances:					
to unrestricted fund	1 836	1 609	668	829	622
to the Investment Fund	246		1	19	
FUND TOTAL	3 866	2 914	1 569	1 038	654
LIABILITIES					
Accounts payable and accrued charges	69	55	33		21
Owed to the Trust Fund	18				
	87	55	33		21
Fund balance	3 779	2 859	1 536	1 038	633
FUND TOTAL	3 866	2 914	1 569	1 038	654

COMMITMENTS AND CONTINGENT LIABILITIES (Note 13)

ON BEHALF OF THE BOARD OF GOVERNORS

Gilles BOULET
Chairman
Roger LEFRANÇOIS
Vice-presidnet, Administration and Finance

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — RESTRICTED
SYNOPTIC BALANCE SHEET

as at May 31
($ THOUSANDS)

UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1984 Total	1983 Total
					3 300	16		3 265	3 171
					214	65		517	505
63	7	3			345	1 857		6 791	5 334
		418	74			31		31	135
					(244)	443	61	6 123	5 447
193	50	35	21					266	375
256	57	456	95		3 615	2 412	61	16 993	14 967

UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1984 Total	1983 Total
18		10			58	163		427	530
								18	6
18		10			58	163		445	536
238	57	446	95		3 557	2 249	61	16 548	14 431
256	57	456	95		3 615	2 412	61	16 993	14 967

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — RESTRICTED
SYNOPTIC STATEMENT OF REVENUE AND EXPENDITURE
for the fiscal year ended May 31
($ THOUSANDS)

	UQUAM	UQTR	UQAC	UQAR	UQAH
REVENUE					
Subsidies					
— Gouvernement du Québec					
Ministère de l'Éducation	147	225	224	81	129
Debt servicing		178		119	37
Other	3 917	1 963	944	559	166
— Government of Canada	2 839	1 645	1 419	438	47
Other revenue	806	169	329	340	1
Contribution from unrestricted fund	90				28
	7 799	4 180	2 916	1 537	408
EXPENDITURE					
Teaching and subsidized research	7 799	3 837	2 635	1 266	368
General services				152	3
Library		81			
Audio-visual		9			
Administration		46			
Land and buildings			281		
Student services		29			
Debt servicing, subsidized		178		119	37
	7 799	4 180	2 916	1 537	408

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — RESTRICTED
SYNOPTIC STATEMENT OF REVENUE AND EXPENDITURE

for the fiscal year ended May 31
($ THOUSANDS)

								1984	1983
UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	Total	Total
314								1 120	2 045
							32 610	32 944	24 203
285	61	102			1 430	939		10 366	6 183
4	35	19	48		2 141	1 522	17	10 174	9 146
		2				830	14	2 491	2 704
					288			378	222
	5							33	4
603	101	123	48		3 859	3 291	32 641	57 506	44 507
325	101	121	48		3 859	3 291	31	23 681	19 418
278								433	198
								81	87
								9	15
								46	54
								281	518
		2						31	14
							32 610	32 944	24 203
603	101	123	48		3 859	3 291	32 641	57 506	44 507

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — RESTRICTED
SYNOPTIC STATEMENT OF FUND BALANCE

for the fiscal year ended May 31
($ THOUSANDS)

	UQUAM	UQTR	UQAC	UQAR	UQAH
BALANCE AT THE BEGINNING					
Balance carried forward	3 339	2 545	1 877	1 122	481
Reclassification of Endowment Fund		302			
Retroactive adjustments (Note 10)		(35)			
Adjusted balance	3 339	2 812	1 877	1 122	481
Subsidies					
— Gouvernement du Québec					
Ministère de l'Éducation	1 317	210	164	54	240
Debt servicing		178		119	37
Other	2 833	1 942	908	633	169
— Government of Canada	3 274	2 008	1 143	443	87
— Other	725	191	284	285	
Investments and endowments					
Other revenue	90				
Recovery on prior expenditure			76		28
Transfer to revenue from unrestricted fund				(81)	(1)
Transfer to Investment Fund earnings		(2)			
Write-off of subsidy receivable from the Government at May 31, 1983		(300)			
	11 578	7 039	4 452	2 575	1 041
Appropriated revenue to cover expenses for the year	7 799	4 180	2 916	1 537	408
BALANCE AT YEAR-END	3 779	2 859	1 536	1 038	633

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — RESTRICTED
SYNOPTIC STATEMENT OF FUND BALANCE
for the fiscal year ended May 31
($ THOUSANDS)

								1984	1983
UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	Total	Total
246	63	37	48		3 182	1 614	14	14 568	13 286
						43		345	39
					(447)			(482)	(447)
246	63	37	48		2 735	1 657	14	14 431	12 878
250								2 235	3 058
							32 610	32 944	24 203
345	73	122			1 958	1 578	78	10 639	5 499
	17	410	95		2 533	1 442		11 452	10 099
					161	860		2 506	3 038
					29	3		32	18
								90	39
	5							109	4
									157
								(82)	(55)
								(2)	
								(300)	
841	158	569	143		7 416	5 540	32 702	74 054	58 938
603	101	123	48		3 859	3 291	32 641	57 506	44 507
238	57	446	95		3 557	2 249	61	16 548	14 431

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools, research institutes and other units

TRUST FUND
SYNOPTIC BALANCE SHEET
as at May 31
($ THOUSANDS)

	UQUAM	UQTR	UQAR	UQ	1984 Total	1983 Total
ASSETS						
Cash and deposits				441	441	278
Accounts receivable	95				95	124
Investments, at cost		12			12	12
Advances to unrestricted fund	17	13	5	43	78	
Advances to restricted fund	18				18	6
FUND TOTAL	130	25	5	484	644	420
LIABILITIES						
Accounts payable and accrued charges				10	10	
Owed to unrestricted fund						7
Owed to the Investment Fund	1				1	
Interest-free loans, due in 1989		12			12	12
	1	12		10	23	19
Fund balance	129	13	5	474	621	401
FUND TOTAL	130	25	5	484	644	420

COMMITMENTS AND CONTINGENT LIABILITIES (Note 13)

ON BEHALF OF THE BOARD OF GOVERNORS

Gilles BOULET
Chairman
Roger LEFRANÇOIS
Vice-president,
Administration and Finance

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools,
research institutes and other units

TRUST FUND
SYNOPTIC STATEMENT OF FUND BALANCE

as at May 31
($ THOUSANDS)

					1984	1983
	UQUAM	UQTR	UQAR	UQ	Total	Total
BALANCE AT THE BEGINNING	122	6	1	272	401	486
Revenue	557	10	34	431	1 032	670
	679	16	35	703	1 433	1 156
Expenditure	550	3	30	229	812	755
BALANCE AT YEAR-END	129	13	5	474	621	401

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

INVESTMENT FUND
SYNOPTIC BALANCE SHEET
as at May 31
($ THOUSANDS)

	UQUAM	UQTR	UQAC	UQAR	UQAH
ASSETS					
Cash and deposits	(31)	514		27	
Accounts receivable					
constituent units	239	360	127	95	197
other	1	4			
Claims on the ministère de l'Éducation					
Long-term subsidies receivable (Note 3)			45		
Investments (Note 5)		349			
Fixed assets (Note 6)	155 066	55 694	45 251	17 758	8 133
Deferred financing charges, amortized					
Advances to the Trust Fund	1				
FUND TOTAL	155 276	56 921	45 423	17 880	8 330
LIABILITIES					
Bank loans					
Accounts payable and accrued charges	121	36	13		3
Holdbacks on contracts	192	5	10	45	
Owed to:					
unrestricted fund	12	1 297		249	161
restricted fund	246		1	19	
Reserve for the acquisition of fixed assets					
Ministère de l'Éducation claims					
Long-term debt (Note 7)	1 335	1 507	45	16	281
	1 906	2 845	69	329	445
Fund balance	153 370	54 076	45 354	17 551	7 885
FUND TOTAL	155 276	56 921	45 423	17 880	8 330

COMMITMENTS AND CONTINGENT LIABILITIES (Note 13)

ON BEHALF OF THE BOARD OF GOVERNORS

Gilles BOULET
Chairman

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Vice-president, Administration and Finance

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

INVESTMENT FUND
SYNOPTIC BALANCE SHEET
as at May 31
($ THOUSANDS)

UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1984	1983
								Total	Total
						206		716	1 137
16	(320)	(525)	92		168	175	(824)		
								5	4
							22 104	22 104	36 625
								45	60
						468		817	545
2 126	2 186	4 398	3 225		20 464	23 494	2 539	340 334	308 407
							4 721	4 721	4 406
								1	
2 142	1 866	3 873	3 317		20 632	24 343	28 740	368 743	351 184
							21 470	21 470	35 084
1	32	7			41	188	3	445	507
						18		270	500
15	36	(14)	339		35	(46)	(18)	2 066	1 543
								266	375
					92			92	90
							22 104	22 104	36 625
	178					429	221 535	225 326	200 798
16	246	(7)	339		168	589	265 094	272 039	275 502
2 126	1 620	3 880	2 978		20 464	23 754	(236 354)	96 704	75 682
2 142	1 866	3 873	3 317		20 632	24 343	28 740	368 743	351 184

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

INVESTMENT FUND
SYNOPTIC STATEMENT OF FUND BALANCE

for the fiscal year ended May 31
($ THOUSANDS)

	UQUAM	UQTR	UQAC	UQAR	UQAH
BALANCE AT THE BEGINNING					
Balance carried forward	143 570	51 628	38 922	13 855	5 795
Retroactive adjustments (Note 10)	835				
Adjusted balance	144 405	51 628	38 922	13 855	5 795
Subsidies — gouvernement du Québec					
Contribution from					
unrestricted fund	2 995	860	789	312	1 579
restricted fund	431	385	555	216	33
Interest and other revenue		6			
Other subsidies and contributions				47	
Endowment of fixed assets	152		3 214		
Transfer from reserve for future construction					
Increase in appraised value of works of art					
Université du Québec contribution					
— fixed assets	5 742	1 399	1 874	3 148	477
— Robert-Lionel Séguin collection		300			
	153 725	54 578	45 354	17 578	7 884
Write-off and loss on disposal of fixed assets	(355)	(412)			1
Amortization of financial charges — discounts and unsubsidized fixed assets		(90)		(27)	
Write-off of debenture issue charges					
Write-off of interest on financing					
	(355)	(502)		(27)	1
BALANCE AT YEAR-END (including valuation surplus — Note 6)	153 370	54 076	45 354	17 551	7 885

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

INVESTMENT FUND
SYNOPTIC STATEMENT OF FUND BALANCE
for the fiscal year ended May 31
($ THOUSANDS)

UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1984 Total	1983 Total
2 083	1 435	2 486	2 109	17	18 615	21 959	(227 571)	74 903	67 593
							(56)	779	
2 083	1 435	2 486	2 109	17	18 615	21 959	(227 627)	75 682	67 593
							6 910	6 910	835
166	829	1 485	580		381	723	295	10 994	6 256
112		7	13		389	310		2 451	2 679
						2		8	48
								47	115
								3 366	
					26			26	100
									50
143	112	141	276		1 053	868	(15 233)		
							(300)		
2 504	2 376	4 119	2 978	17	20 464	23 862	(235 955)	99 484	77 676
(378)	(19)	(89)		(17)		(15)	(25)	(1 309)	(186)
	(737)	(150)				(93)	(175)	(1 272)	(996)
							(199)	(199)	(188)
									(624)
(378)	(756)	(239)		(17)		(108)	(399)	(2 780)	(1 994)
2 126	1 620	3 880	2 978	—	20 464	23 754	(236 354)	98 704	75 682

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools,
research institutes and other units

INVESTMENT FUND
SYNOPTIC STATEMENT OF CHANGE IN FINANCIAL POSITION

for the fiscal year ended May 31
($ THOUSANDS)

	UQUAM	UQTR	UQAC	UQAR	UQAH
SOURCE OF FUNDS					
Net proceeds of debenture issues					
Claims — Université du Québec					
— fixed assets	5 742	1 399	1 874	3 148	477
— Robert-Lionel Séguin collection		300			
Contribution from					
unrestricted fund	2 995	860	789	312	1 579
restricted fund	431	473	555	224	47
Other contributions		55		47	
Interest earned and other		6			
Sale of fixed assets		12			1
Receipts on long-term accounts receivable			20		
Reduction of investments					
Net commitments under capital lease contracts	(139)			(7)	
Increase in other long-term debt	1 128				36
	10 157	3 105	3 238	3 724	2 140
APPLICATION OF FUNDS					
Acquisition of fixed assets	10 709	2 847	2 999	3 277	2 102
Interest on bank loans, capitalized					
Acquisition of investments		299			
Debt servicing					
Capital	150	90	15	111	24
Interest		88	5	8	13
Transfer to reserve for future construction					
Charges on long-term debt					
	10 859	3 324	3 019	3 396	2 139
INCREASE (DECREASE) IN FUND	(702)	(219)	219	328	1
DISPOSABLE (UNFUNDED) BALANCE AT THE BEGINNING					
Balance carried forward	341	(191)	(116)	(519)	32
Retroactive adjustments (Note 10)					
Adjusted balance	341	(191)	(116)	(519)	32
DISPOSABLE (UNFUNDED) BALANCE AT YEAR-END (Note 9)	(361)	(410)	103	(191)	33

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools
research institutes and other units

INVESTMENT FUND
SYNOPTIC STATEMENT OF CHANGE IN FINANCIAL POSITION
for the fiscal year ended May 31
($ THOUSANDS)

UQAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1984 Total	1983 Total
							33 546	33 546	16 620
143	112	141	276		1 053	868	(15 233)		
							(300)		
166	829	1 485	580		381	723	285	10 994	6 256
112		7	13		389	310	32 610	35 171	26 665
					28			130	230
						2		8	48
10		6					2	31	220
								20	20
						27		27	28
	(59)					168		(37)	623
								1 164	
431	882	1 639	869		1 851	2 098	50 920	81 054	50 710
431	1 111	2 182	1 116		1 849	2 117	(2 113)	28 627	24 081
							2 457	2 457	2 028
								299	
							10 210	10 600	13 872
							25 700	25 814	23 156
									(980)
						5	199	204	755
431	1 111	2 182	1 116		1 849	2 122	36 453	68 001	62 912
—	(229)	(543)	(247)		2	(24)	14 467	13 053	(12 202)
	(159)	25			52	245	(36 490)	(36 780)	(24 634)
					38		(56)	(18)	38
	(159)	25			90	245	(36 546)	(36 798)	(24 596)
—	(388)	(518)	(247)		92	221	(22 079)	(23 745)	(36 798)

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools, research institutes and other units

NOTES TO FINANCIAL STATEMENTS
at May 31, 1984

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1 — FINANCIAL STATEMENTS

The consolidated and synoptic financial statements include those of the Université du Québec (UQ) and the following dependent units: Télé-Université (TELUQ), the Commission des programmes d'études avancées gérés conjointement (PRETAGEC), as well as those of the Université du Québec à Montréal (UQAM), Université du Québec à Trois-Rivières (UQTR), Université du Québec à Chicoutimi (UQAC), Université du Québec à Rimouski (UQAR), Université du Québec à Hull (UQAH), Université du Québec en Abitibi-Témiscamingue (UQAT), the Ecole nationale d'administration publique (ENAP), the Ecole de technologie supérieure (ETS), the Institut national de la recherche (INRS) and the Institut Armand-Frappier (IAF), whose assets on liquidation become property of Université du Québec. Financial data concerning the Presses de l'Université du Québec and its subsidiary as well as IAF Production Inc. are presented separately.

For consolidation purposes, elimination of accounts took place only at the balance sheet level, those pertaining to revenue and expenditure movements among constituent units having little or no effect on operating results. Changes were made to the financial statements of some constituent units for purposes of comparison with the consolidated and synoptic statements. Certain data from prior years was reclassified for presentation alongside that of current financial statements.

2 — ACCOUNTING POLICIES

Major accounting policies detail as follows:

(a) Fund classification

The various funds fall into five caterogies:

i. the unrestricted Operating Fund records transactions relating to current operations and certain designated operations, whether or not subject to internal restriction;

ii. the restricted fund includes resources used to cover the cost of certain specific operations subject to external restrictions;

iii. the Trust Fund records funds entrusted to the Université but not belonging to it;

iv. the Endowment Fund records transactions for which the resources are derived from inheritances or endowments whose capital remains intact or, like the revenue from such capital, is assigned for purposes determined by the donor; this Fund has been grouped with the restricted Operating Fund for presentation;

v. the Investment Fund records transactions relating to fixed assets and their financing.

(b) Recording of transactions

Transactions are recorded according to generally accepted accounting principles, with the following particular applications or modifications:

i. Revenue in the form of subsidies for the unrestricted Operating Form are entered on the books according to the funding regulations of the ministère de l'Education, with adjustments recorded under a separate item on the statement of revenue and expenditure for the year when made.

ii. Revenue for the restricted Operating Fund is considered as earned up to the amount required to cover expenditures over revenue generated from a given activity, with the remainder accumulating in the Fund balance; surpluses are transferred to the unrestricted Operating Fund once projects have been completed.

iii. Tuition fees are considered revenue for the fiscal year in which the session falls.

iv. Investment earnings not subject to external constraints and derived from all of the funds are posted to the unrestricted Operating Fund.

v. Commitments for unfilled orders of goods and services are not entered on the books but annotated to the financial statements.

vi. Expenses for insurance, taxes, postage, stationery, office supplies and other recurring items are not deferred, except for large expenditures charged to the next fiscal year.

vii. No provision is recorded for holidays and accumulated sick leave, nor for overtime to be taken as holidays, for regular staff nor the cost of applying the umbrella agreement covering upper management personnel, funded from current expenditures.

viii. Servicing the Investment Fund long-term debt and subsidies to cover this are charged to that fund and to the restricted Operating Fund, up to the amount of subsidies received.

ix. Spending on fixed assets under authorized budgets is generally financed by issuing debentures. Interest charges on interim financing are added to the cost of fixed assets. The acquisition of fixed assets from the year's revenue and expenditure is also posted to the Investment Fund. The acquisition of fixed assets under capital lease is recorded at the overall amount, including capital, interest and the cost of the purchase option. Commitments under such contracts are amortized through an annual contribution by the unrestricted Operating Fund equivalent to the amount of rent payable. Depreciation on fixed assets is not shown on the books; they are written down when disposed of. Furniture is completely written off after 15 years, as is equipment and appliances, after 5 years in the case of rolling-stock and 7 for computer equipment. Unsubsidized fixed assets are depreciated using the straight-line method over their service life or according to the receipt of certain grants. Deferred financing charges on debentures are amortized or written off according to maturity date.

x. The Université records claims from the ministère de l'Education for fixed assets and interest at the time they are recognized by the department or funded within the five-year plan to be approved by the Government, then paid by the trust company from the proceeds of debentures issued.

3 — LONG-TERM SUBSIDIES RECEIVABLE

	1984	1983
Cité de Chicoutimi, payable in annual instalments of $15 000, corresponding to the capital repaid on a longterm borrowing included in the selling price balance	$45 000	$60 000

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools, research institutes and other units

NOTES TO FINANCIAL STATEMENTS (cont'd)
at May 31, 1984

4 — INVENTORIES AND PREPAID EXPENSES

These include:

	1984	1983
Inventories for resale*	$1 931 000	$1 772 000
Prepaid expenses**	2 264 000	1 985 000
	$4 195 000	$3 757 000

* This item includes $582 000 ($539 000 in 1983) for vaccine and serum valued either at component cost or net realization value in the absence of a sufficient cost pricing system, $444 000 ($382 000 in 1983) for raw materials and supplies valued at the latest price invoiced by suppliers and $905 000 ($851 000 in 1983) for raw materials, finished goods and supplies valued at the lower of cost price and net realization value.

** Includes the cost of research and production of vaccine amounting to $514 000 ($408 000 in 1983), whose cost recovery is dependent on completing work on the product and favourable market conditions. Failure to realize full value means a corresponding debit for the amount. Deferred expenses at May 31, 1983 are absorbed by 1984 operations.

5 — INVESTMENTS, at cost

	1984	1983
Unrestricted Operating Fund		
2 500 class "C" shares, in IAF Production Inc., no par value, non voting, with a non-cumulative preferred dividend of 12%, callable at all times for $50 000 per annum from June 1, 1987 to June 1, 1991	$250 000	
Loan to the Fondation Armand-Frappier, at the Institut bank rate, payable in rent to the Fondation. The Institut is committed to lending a total of $300 000	18 000	
Institutional bonds, par value of $80 000, 12¼%, maturing June 6, 1993	50 000	$80 000
	$318 000	$80 000
Investment Fund		
4 675 shares (4 950 in 1983), class "B", series 1, in IAF Production Inc., no par value, non voting, non cumulative, preferred dividend of 9%, callable at all times for the amount of capital paid (book value of $468 000 at November 30, 1983; $495 000 in 1982)	$468 000	$495 000
Institutional bonds, par value of $350 000, various rates from 5¼% to 13¾%, maturing from 1988 to 2003	349 000	50 000
	$817 000	$545 000

6 — FIXED ASSETS

	1984	1983
Subsidized		
Land and buildings	$166 012 000	$164 049 000
Improvements and alterations	45 976 000	36 438 000
Furniture, equipment and tools	97 938 000	82 145 000
Library — books	28 613 000	24 975 000
	338 539 000	307 607 000
Unsubsidized, at amortized cost		
Improvements and alterations	1 277 000	319 000
Furniture, equipment and tools	518 000	481 000
	$340 334 000	$308 407 000

Fixed assets are recorded at cost, less depreciation in the case of unsubsidized ones, except for the following, donated and recorded at cost to the former owner or value estimated by the Université:

	1984	1983
Sports complex	$3 214 000	
Other	1 102 000	$950 000
	$4 316 000	$950 000

Surpluses are posted to the Investment Fund as valuation surplus.

7 — LONG-TERM DEBT

	1984	1983
INVESTMENT FUND		
General debentures — Université du Québec — General debentures, bearing interest at a weighted average of 11.80% (12.53% in 1983), maturing between 1984 and 2004	$221 536 000	$197 745 000
First mortgage bonds — Université du Québec à Trois-Rivières — 5¼%, series "B", maturing 1983 à 2000	1 507 000	1 597 000
Université du Québec à Hull — series "B", 4.08% and 6%, maturing 1982 and 1993 (issued in the name of other institutions and assumed when fixed assets were acquired)	281 000	269 000
Balance of purchase price, 7% and 12%, 1985 and 1989	1 090 000	238 000
Commitments under capital lease contracts	913 000	950 000
	$225 326 000	$200 799 000

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

NOTES TO FINANCIAL STATEMENTS (cont'd)
at May 31, 1984 .

Payments to be made over the next five years detail as follows:

1984-85	$22 550 000
1985-86	26 403 000
1986-87	25 748 000
1987-88	30 823 000
1988-89	23 901 000

General Université du Québec debentures are guaranted by the corporation's general credit, while bonds issued by the Université du Québec à Trois-Rivières and the Université du Québec à Hull are secured by a first mortgage on their assets. These issues, as well as the balance of purchase price in the amount of $214 000 owed by the Université du Québec à Rimouski, are guaranteed, both capital and interest, through subsidies from the gouvernement du Québec granted by Order in Council and payable out of funds voted yearly by the National Assembly in accordance with the University Investments Act.

The Cité de Chicoutimi is committed to repaying a loan to the Université du Québec à Chicoutimi, capital and interest, the balance of which was $45 000 at May 31, 1984.

The following debt is not recorded on the books since the Government has assumed these under Order in Council:

	1984	1983
Institut Armand-Frappier Bonds		
Series "A", 5¼%, April 1, 1965 maturing to 1986	$198 000	$385 000
Series "B", 6¼%, maturing April 1, 1987	2 100 000	2 100 000
	$2 298 000	$2 485 000

8 — SUBSIDIES — MINISTÈRE DE L'ÉDUCATION UNRESTRICTED OPERATING FUND

In accordance with ministère de l'Éducation financing rules and accounting practice, the University recorded $6 355 000 as subsidies unconfirmed by that department, $4 936 000 of that amount for variations in student body size.

9 — UNFUNDED BALANCE — INVESTMENT FUND

	1984	1983
The unfunded balance of the Investment Fund details as follows:		
Capital spending within the five-year plan, interim financing	$22 149 000	$36 964 000
Capital spending to be charged to the Operating Fund according to the depreciation method in Note 2 (b) ix., except for $2 000 ($29 000 in 1983) to be funded from future unrestricted Operating fund contributions	1 569 000	289 000
Capital spending to be funded less disposable balance	27 000	(455 000)
	23 745 000	36 798 000

10 — RETROACTIVE ADJUSTMENTS

	Fund balance			Change in financial position
	Operating Fund		Investment Fund	Investment Fund
	unrestricted	restricted		
Transfer of disposable balance retroactive to May 31, 1982	$409 000	$(447 000)		$38 000
Transfer of disposable balance retroactive to May 31, 1983	35 000	(35 000)		
Write-off of subsidy recorded at May 31, 1983	(47 000)			
Acquisition of fixed assets in 1982-83, capitalized retroactively			$835 000	
Adjustment in contributions to constituent units			(56 000)	(56 000)
	$397 000	$(482 000)	$779 000	$(18 000)

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools, research institutes and other units

NOTES TO FINANCIAL STATEMENTS (cont'd)

fiscal year ended May 31, 1984

11 — CONTRIBUTIONS FOR BUDGET DEFICITS

This item represents the Université's lump-sum contributions, including interest, under the 1982-1985 plan to balance the budget approved by the Board of Governors. Borrowing under the plan are paid for from adjustments to basic Université funding or, if required, from regular ministère de l'Éducation subsidies.

12 — OTHER EXTRAORDINARY ITEMS

Université du Québec à Montréal	
Repair of facilities following fire	$346 000
Tax claims from the ministère du Revenu	139 000
	$485 000

13 — COMMITMENTS AND CONTINGENT LIABILITIES

	1984	1983
(a) Commitments for unfilled orders of goods and services detail as follows:		
Unrestricted Operating Fund	$2 107 000	$3 114 000
Restricted Operating Fund	$1 162 000	$945 000
Trust Fund		$195 000
Investment Fund		
Construction of a library and alterations at the Université du Québec à Rimouski		$854 000
Other commitments for the construction and acquisition of furniture, equipment and other fixed assets	$1 464 000	1 355 000
	$1 464 000$	$2 209 000

(b) Following the acquisition of the École Sainte-Marie, l'Université du Québec à Hull made a commitment to refurbish premises during the 1984-85 year. Of that amount, $1 130 000 has been recognized by the ministère de l'Éducation for subsidization.

(c) Commitments under long-term leases amount to $45 206 000 at May 31, 1984, payable in monthly instalments.

	Buildings	Furniture and Equipment
1984-85	$11 180 000	$1 091 000
1985-86	9 652 000	727 000
1986-87	7 768 000	218 000
1987-88	6 100 000	30 000
1988-89	4 956 000	
1989-90 and thereafter	3 484 000	
	$43 140 000	$2 066 000

Some leases have provisions for rent adjustments in relation to taxes and services.

(d) Actuaries certify that the actuarial deficiency of pension plans at December 31, 1983 amounts to $6 045 000 for the Université du Québec and $6 655 000 in the case of the Institut Armand-Frappier, which can be amortized by annual payments of $2 711 000 in 1985, $2 369 000 in 1986, $1 744 through 1988, $960 000 from then until 1991 and $856 000 through 1995.

(e) The Université du Québec à Trois-Rivières, by an agreement dated April 1, 1983, acquired the Robert-Lionel Séguin collection, payable to the seller by means of a life annuity of $16 250 to a maximum amount of $2 795 000, plus $150 000 to the seller's heirs. Except for payments made that total $81 250 at May 31, 1984, this commitment has not been recorded. A $300 000 Investment Fund reserve has been set aside to finance the acquisition.

(f) Fire damaged certain facilities during the year. The Université du Québec à Montréal has made claims which break down as follows at March 31, 1984:

Operating Fund	$346 000
Investment Fund (book value of assets written off: $60 000)	827 000
	$1 173 000

These claims have not been recorded at May 31, 1984.

(g) Lawsuits for damages and interest in the total amount of $2 215 000 are pending against the Université du Québec and constituent units, which deny all responsibility.